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TODAY:  
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No. 35,928

## 'No Explosion' Seen in Crash as Swissair Seeks Clues to Disaster

By Joseph Fitchett  
International Herald Tribune

The day after the worst crash in Swissair's history, officials were still groping for clues Friday about what went wrong on the McDonnell-Douglas wide-body jet in the moments before it plunged into Atlantic waters just off the Canadian coast.

All 229 people on board died in the crash of Swissair Flight 111, the airline's only direct flight between New York and Geneva. The passengers included a large number of prominent physicians, bankers and international civil servants.

Moving to dispel speculation about possible terrorism, Attorney General Janet Reno said in Washington that "all initial information indicates that it was an accident."

U.S. officials have been on alert for possible retaliation since the missile strikes last month on

'Waiting for the lights to come down.' Page 6.

suspected Islamic terrorists in Afghanistan and Sudan, but no group claimed responsibility for the crash, whose victims included a member of the ruling family in Saudi Arabia.

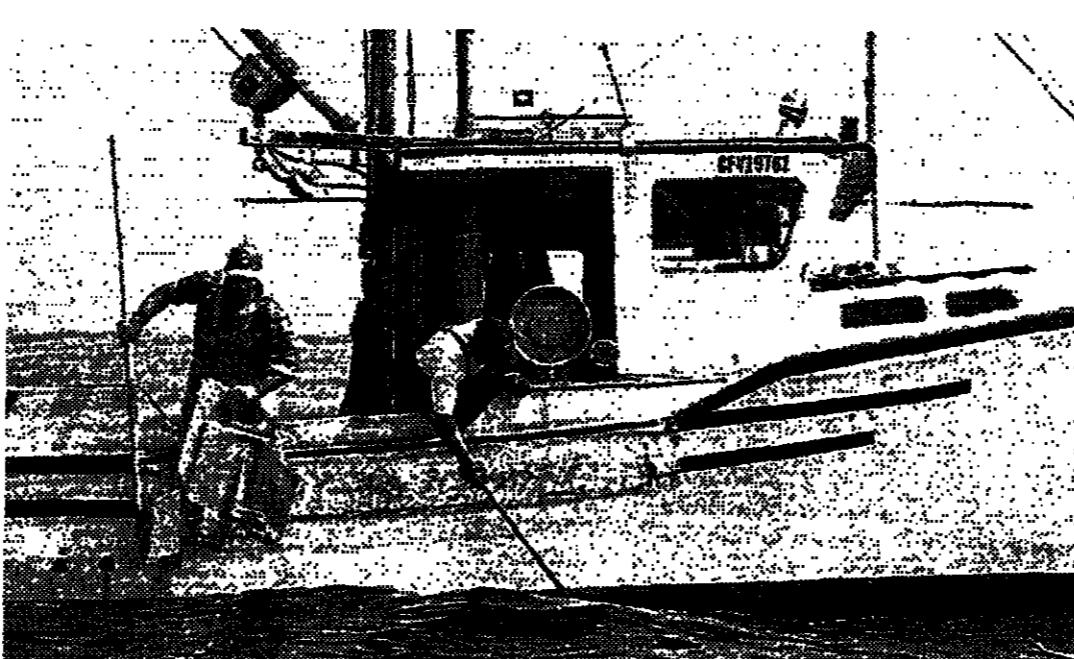
Dense smoke in the cockpit was reported by the pilots just before the crash, according to a Swissair official, who said that he was waiting for the flight recorder to provide evidence of what had caused the emergency.

A final few words — "I'm going down" — were picked up by a ham radio operator before Flight 111 went off the air. The radio operator said the pilot sounded very flustered, explained that he was going to dump fuel, then uttered the last phrase in a weak voice.

As the bodies were brought up, an investigation proceeded under the Canadian authorities, assisted by the U.S. National Transportation Safety Board. Canada pressed one of its last submarines into service, the day before it had been due for retirement, to comb the seabed with sonar in hopes of finding the fuselage and flight recorders.

"There's a quasi unanimity in terms of there being

See CRASH, Page 6



Canadian fishermen retrieving debris Friday while searching the area where Swissair Flight 111 went down Wednesday, about four miles off the coast of Peggy's Cove, Nova Scotia.

## UN Grieves for 7 on Doomed Jet

### New York-to-Geneva Is Commuter Flight for World Body

Compiled by Our Staff Photo Dispatchers

NEW YORK — To workers at the United Nations, the night flight 111 was affectionately known as the UN airbus because it served as something of a commuter flight for officials and diplomats shuttling back and forth between the secretariat in New York and the European headquarters in Geneva.

"This is a flight that so many of us take routinely that I think it spooked a lot of us," said Fred Eckhard, senior spokesman at the United Nations.

Few Swissair 111 flights lift off without at least a few UN people buckled into their seats. So as soon as UN workers learned the flight number, they knew that some of their people were gone.

UN officials identified seven staff members or associates as having died in the crash Wednesday, which took the lives of all 215 passengers and 14 crew members.

The victims included Pierce Gerety, an American lawyer who had devoted his life to the plight of refugees. Only an unlikely convergence of events put him on the plane.

According to his brother, Tom Gerety, president of Amherst College, the lawyer had a ticket for a KLM flight to Amsterdam. It was overbooked, and he was bumped along with some others.

He was put on a Swissair flight. It was canceled. His consolation was a ticket on Flight 111.

In charge of operations for the UN High Commission for Refugees in the ravaged Great Lakes region of Central Africa, including Rwanda, Mr. Gerety seemed to spend more nights in tents with refugees than he did in his own home. Wherever war, famine and social unrest uprooted people from their homes, he was there.

Kathryn Calvert-Mazy, a French social worker and therapist who worked as senior welfare officer in the Geneva headquarters of the refugee unit, also died in the crash. She had counseled refugees in Bosnia, Mali and Rwanda and had transferred to Geneva in June so she could spend more time with her husband and baby.

Others victims among the UN family were Joachim Bilger and Ludwig Beumer, Germans who were respectively the controller in the office of internal oversight and productivity and the senior

See VICTIMS, Page 6

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## Democratic Senators Call Clinton 'Disgraceful'

### Lieberman, a Longtime Ally, Delivers Scathing Judgment

By Dan Balz  
Washington Post Service

WASHINGTON — Senator Joseph Lieberman of Connecticut, joined by two other leading Democrats, delivered an extraordinary public condemnation of President Bill Clinton from the Senate floor Thursday.

Mr. Lieberman described Mr. Clinton's behavior as "immoral," "disgraceful" and deserving of "public rebuke and accountability."

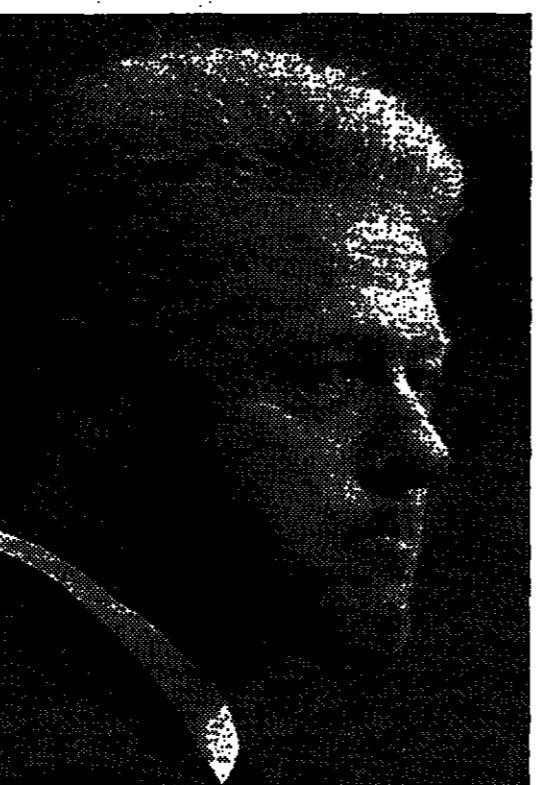
Mr. Lieberman, a longtime political ally of the president, offered perhaps the most scathing criticism by any Democrat of Mr. Clinton's sexual relationship with Monica Lewinsky and what the senator called his "intentional and premeditated" denial of the affair for seven months.

"Such behavior is not only inappropriate," Mr. Lieberman said, "it is immoral and it is harmful." Mr. Clinton's actions, he added, "contradicted the values" the president had publicly embraced for the past six years and "compromised his moral authority."

But the Connecticut senator said talk of impeachment and resignation was "premature," cautioning his colleagues that Congress ought to await the report by the independent counsel, Kenneth Starr, which is expected on Capitol Hill this month, before deciding on a course of action.

Mr. Lieberman's remarks were another sign that support for the president is weakening among his Democratic colleagues as the midterm congressional elections approach. The remarks were also a sign of growing worries on Capitol Hill that Mr. Starr's report might contain more damaging revelations about Mr. Clinton's behavior.

Immediately after Mr. Lieberman concluded his statement, two other senior Democrats — Senator Bob Kerrey of Nebraska and Senator Daniel Patrick Moynihan of New York — rose to endorse Mr. Lieberman.



President Bill Clinton in Dublin on Friday.

man's rebuke of the president and to praise Mr. Lieberman for delivering it.

Mr. Moynihan also sent a warning to the White House that many Democrats on Capitol Hill will resist turning the coming review of Mr. Starr's report into a purely partisan exercise. "It will be for us to discharge

See CRITIC, Page 7

### For First Time, President Says, 'I'm Sorry About It'

DUBLIN — President Bill Clinton said Friday that he was sorry about his sexual relationship with Monica Lewinsky.

It was the first time he had apologized for it.

When Mr. Clinton spoke to the American public on Aug. 17, and in subsequent remarks, he said only that he deeply regretted his relationship with the former White House intern and regretted having lied about it for seven months.

On Friday, Mr. Clinton said: "I made a bad mistake.

It's indefensible, and I'm sorry about it."

Mr. Clinton spoke hours after Senator Joseph Lieberman of Connecticut, in a stern speech on the Senate floor, called the president's actions immoral and harmful to the nation.

During a picture-taking session here with Prime Minister Bertie Ahern, Mr. Clinton was asked to respond to Mr. Lieberman's comments.

"I can't disagree with anyone else who wants to be critical of what I've already acknowledged is inappropriate," Mr. Clinton said. "There's nothing that he or anyone else could say in a personally critical way that I imagine I would disagree with, since I have already said it myself, to myself, and I'm very sorry about it but there's nothing else I can say."

Since Mr. Clinton's speech on Aug. 17, legislators of both parties have criticized him for not explicitly apologizing.

One of those critics, Governor Roy Romer, who is the chairman of the Democratic Party, said Mr. Clinton's apology Friday was "helpful."

"I think he's been saying that with other words.

"He's had difficulty getting it out," Mr. Romer said.

The White House press secretary, Michael McCurry, was asked if Mr. Clinton had made a calculated decision to use the phrase "I'm sorry." Mr. McCurry replied that Mr. Clinton had been trying to convey an

See CLINTON, Page 7

## Norway Rallies Around Its Ailing Prime Minister

### Work and Stress Lead to 'Depressive Reaction'

By Tom Buerkle  
International Herald Tribune

OSLO — When Kjell Magne Bondevik took over as prime minister of Norway last year, his ready smile and youthful vigor appeared to symbolize

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3 6

the sunny fortunes of this country's booming oil-driven economy.

But lately, storm clouds have been thickening on the horizon.

Oil prices have plunged to their lowest levels in a decade. The turmoil in global financial markets has knocked the krone lower and prompted the central bank to nearly double interest rates, to 10 percent. And the partners in Mr. Bondevik's tenuous minority government have turned fractious in the midst of difficult budget negotiations, leading some senior ministers to question the coalition's ability to survive.

Today, not only the smile is gone. Mr. Bondevik, 51, shunned the country this week by taking a temporary leave from office because of what his doctors called a "depressive reaction" to too much work and stress.

The idea that the popular leader of a

prosperous country of 4 million people was buckling under the strain after only 10 months in office was unusual, to say the least.

Perhaps more unusual was the reaction here. The announcement of Mr. Bondevik's sick leave Monday unleashed an outpouring of public sympathy, rather than questions about his suitability for office. Well-wishers have brought bouquets of flowers to his office and home, and a poll showed that 82 percent of Norwegians thought Mr. Bondevik was right to reveal his strain.

"Sympathy for Bondevik — As Brave as Diana," the tabloid newspaper Dagblader said Thursday, comparing the prime minister's announcement to the Princess of Wales' disclosure of her emotional problems long before her death last year.

Even political rivals were magnan-

imous, saying that Mr. Bondevik should be given time to recuperate. They noted that a former prime minister, Gro Harlem Brundtland, took a two-week leave earlier this decade after her son committed suicide.

"It has something to do with politics and being human," said Jans Stoltenberg, the deputy leader of the opposition Labor Party and a former finance minister. "He is sick. If anyone tries to utilize that in political debate, that would be wrong."

Patience could start to run out quickly if Mr. Bondevik's leave drags on, though, hinted Carl Hagen, leader of the rightist Progress Party. Although the announcement Monday spoke of a one-week leave, newspapers reported that he was likely to remain on leave for a further week or two.

The shock of Mr. Bondevik's leave has jolted the coalition into a surprising

See OSLO, Page 6

## AGENDA

### Rwandan Gets Life Term for Genocide

#### The Dollar

New York Friday @ 4 P.M. previous close

DM 1.7345 1.7285

Yen 133.57 134.3

FF 5.803 5.802

Pound 1.5705 1.5747

#### Dollars per pound

Friday close percent change

41.97 7,640.25 -0.55%

S & P 500

8.36 973.90 -0.85%

Nasdaq

5.34 1,566.52 -0.34%

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Jean Kambanda, who served as prime minister of Rwanda during the months in 1994 when more than 500,000 people were killed in one of the worst mass murders in history, was sentenced Friday to life in prison by a United Nations tribunal sitting in Arusha, Tanzania.

Mr. Kambanda had pleaded guilty and had offered to testify against other high-ranking Rwandan officials.

He was the first person in history to be sentenced for the crime of genocide, an offense first conceived in the 1948 Genocide Convention after the horrors of World War II. Page 6.

Books Page 4.

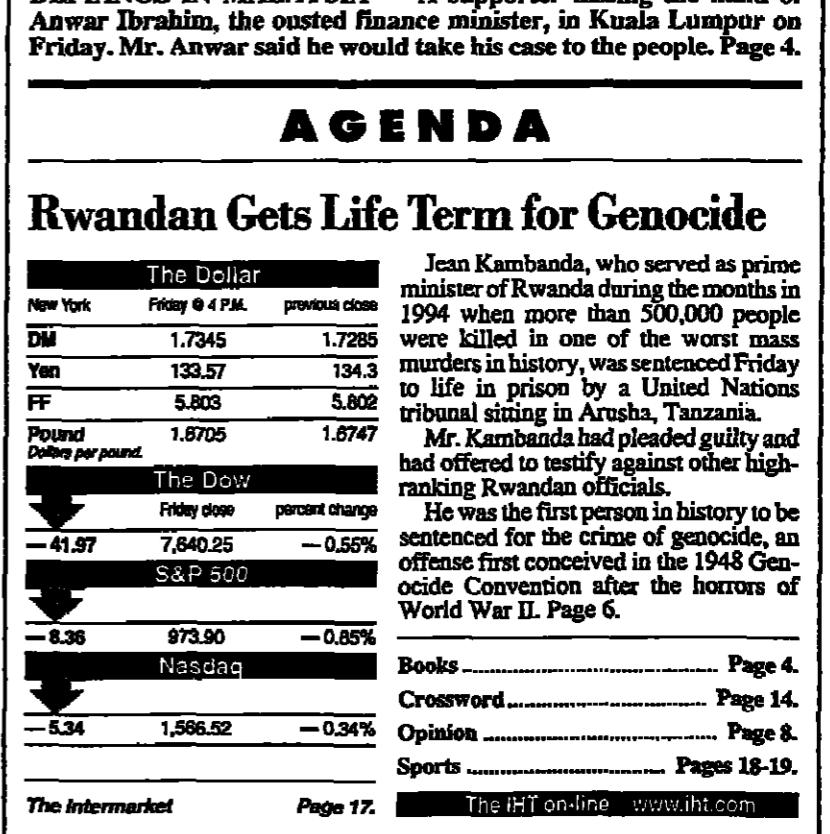
Crossword Page 14.

Opinion Page 8.

Sports Pages 18-19.

The IHT on-line www.iht.com

DEFIANCE IN MALAYSIA — A supporter kissing the hand of Anwar Ibrahim, the ousted finance minister, in Kuala Lumpur on Friday. Mr. Anwar said he would take his case to the people. Page 4.



# From Revolution to Cigars, the (Unstoppable?) Ascent of Gerhard Schroeder\*

By R.W. Apple Jr.  
New York Times Service

BONN — Gerhard Schroeder has changed with the times.

He first made his name in German politics in the 1970s as leader of the Jusos, the radical, stridently anti-American, anti-nuclear youth group of the Social Democratic Party. In 1981, in his maiden speech in Parliament, he became the first person ever to speak there without wearing a necktie. Late one beer-fueled night, according to an often-told story, he stopped by to rattle the gates of the Chancellery, and to shout, "I want in there!"

But the higher he rose and the older he got, the less rambunctious he became. He grew to admire the United States, he says. As prime minister of Germany's second largest and third most populous state for the last eight years, he has been the consummate pragmatist, cooperating with or disregarding the leftist party

hierarchy according to his purposes. He not only started wearing neckties, he took to smoking fine Havana cigars and sporting clothes designed by Armani.

He got so chummy with business executives that trade unionists and other ideological stalwarts in his party started mocking him as "der Genosse von Bremen" — the comrade of the bosses.

Now the Social Democrats, who have failed three times to oust Chancellor Helmut Kohl, have turned to Gerhard Schroeder to do the job in a national election on Sept. 27. Handsome, telegenic, a ferocious worker, Mr. Schroeder, 54, is almost a generation younger than Mr. Kohl, 68.

Not by accident, he is running a media-savvy campaign as ambiguous about specifics as those that brought Tony Blair and Bill Clinton to power in Britain and the United States.

Mr. Schroeder must grapple with the problem that has confronted leftist politicians throughout Europe as well as

the Democrats in the United States: Big government has become too costly.

Partly because of the huge expenditures in Eastern Germany after reunification, partly because of the competition with countries that have learned to live with less, Germany can no longer afford the restrictive labor laws, ample pensions and generous health care system with which Mr. Schroeder's party has been identified.

The polls put Mr. Schroeder ahead, but only by a slender margin, with a sizable undecided vote.

[Mr. Kohl narrowed the gap to three points behind Mr. Schroeder in a key survey released on Friday, but slipped further behind his rival in another poll, Reuters reported.]

[The closely watched ZDF Politbarometer found Mr. Kohl's Christian Democrats steady at 38 percent with Mr. Schroeder's Social Democrats falling one point, to 41 percent.

[Another survey by the Dimap

polling institute to be published in the daily Bild on Saturday, however, found Mr. Kohl falling one point in the last week to 37 percent while support for Mr. Schroeder was unchanged at 43 percent.]

Germany is accustomed to a more carnivorous, less image-oriented politics, with plenty of ideological meat to chew on, and people are starting to grumble.

"You can't quite get hold of him," said Josef Joffe, editorial page editor of the Sueddeutsche Zeitung of Munich. "He was given the nod very grudgingly by the party bosses, who stand well to his left, because they were convinced he was the only one with a chance to win. So he tries to placate the left wing of his party and to win over the swing voters at the same time.

"He obfuscates, prevaricates, and says as little as possible."

Michael Naumann, the German-born New York publisher whom Mr.

Schroeder has recruited as a potential culture minister, takes a different view.

He sees Mr. Schroeder as a man who has the capacity to answer a national craving, "to fill this big psychological hole at the center of German life, the need to define what we live for in the midst of our amazing material well-being."

Above all, he has a fresh face. Mr. Kohl has been chancellor for 16 years, as long as Franklin D. Roosevelt would have served as president had he not died in office. Mr. Schroeder has apparently concluded that the electorate is tired of Mr. Kohl but resistant to a major deviation from his policies. So he talks, in pure Clintonian, of "a New Middle."

"The welfare state has reached its limits," he said in a recent interview. "We won't be able to increase payments."

But like generations of liberal politicians eager to sound a note of fiscal responsibility, Mr. Schroeder is taxed by this closing "a labyrinth of loop-holes," he could roll back the small welfare cuts made by Mr. Kohl and still cut income taxes. "It's not that much of a riddle," he said.

"We've had to give up the old Hegelian idea that when theory and reality clash, reality is wrong," he said, apropos of his move to the middle. "Reality is often right."

Asked whether he feared that Mr. Kohl would try to discredit him by talking about the radicalism of his youth, Mr. Schroeder responded: "I don't think so. As you see, the revolution I planned didn't take place, so there's no point in bringing up what I said then."

But Mr. Schroeder predicted that his opponents might try to discredit him by talking about his private life, although Germans, he said, were less interested in scandal and gossip "than you Americans or even the British."

Mr. Schroeder has been married four times. The first marriage lasted three years, the second nine and the third 12, breaking up bitterly two years ago. When he eloped with Doris Koepf, a journalist from Bavaria, the spurned third wife, Hiltraud Hamel, called him "a coward, an opportunist and an egotist."

Although the Christian Democratic leaders have refrained so far from personal criticism, the party's youth group has produced a brochure that tackles the marriage issue. "Schroeder is a bad choice," it says. "Three women couldn't be wrong."

In another indirect assault, the owner of a big German car-rental company called Sixt is running a magazine advertisement that shows two pictures of Mr. Schroeder, one looking left and the other looking right. "Sixt," the caption declares, "has cars for people who don't know where they want to go."

Mr. Schroeder tries to equate himself to Mr. Clinton and Mr. Blair. But the parallel is inexact. Each of them took office having already won the main ideological arguments within his own party, and Mr. Schroeder, if he wins, would become chancellor with important questions still unresolved.

For example, the party leader, Oskar Lafontaine, a harsh critic of "billionaire capitalists," wants to cut the top income tax rate from 53 percent to 49, while Mr. Schroeder wants to bring it down to 45.

Mr. Schroeder sometimes emphasizes a "modern" Germany that shines in new technology, as when he named Jost Stuhr, a businessman, as an economic adviser; other times he attacks the pension reform and labor flexibility that modernizers consider mandatory.

Nor is it clear, despite tens of thousands of words and endless columns of analysis in the newspapers, exactly what Mr. Schroeder would do to attack unemployment, one of Germany's most



Mr. Schroeder campaigning in the eastern city of Zwickau on Friday.

serious and intractable problems.

In a long career, Mr. Schroeder, who is known as Gerd, has managed to find a way forward when others might well have felt stymied.

His father, a conscript, was killed during the Wehrmacht's retreat from Russia when Mr. Schroeder was only three days old, and his mother raised him alone while working as a cleaning woman. He dropped out of school at 14, went to night school and ended up studying law at Goettingen University during the turbulence of 1968.

These days, Mr. Schroeder handles hecklers, commonplace in German politics, with great aplomb. Asked how he learned, he replied, "By heckling."

After a stint as an member of Parliament in Bonn, he won his party's nomination for prime minister in the state of Lower Saxony in 1984. He lost that time, but won four years later. Last March, he gained a third term in a landslide, a victory that clinched his nomination for chancellor.

Except for the good suits and expensive cigars, Mr. Schroeder lives unpretentiously in a smallish apartment in Hannover, the state capital.

He has no vast entourage, disdaining all but the most basic security protection.

For centuries, Hannover has held annual trade fairs, and Mr. Schroeder became a regular at them, counting businessmen from all over Germany, inviting them to dinner at a favorite Italian restaurant or to a game of tennis.

But he always kept his fences mended with younger, more proletarian groups as well. Ludolf von Wertenberg, the head of the Federation of German Industries, who served as a Christian Democratic member of Parliament when Mr. Schroeder was also in Bonn, recalled that Mr. Schroeder always asked beforehand precisely who would be in the audience when he was invited to make a speech.

"Students?" He'd show up in a turtleneck," Mr. von Wertenberg said in an interview in his Cologne office. "Entrepreneurs? The whitest shirt you ever saw."

"He's amazingly good on his feet, never uses texts or notes if he can avoid it, and if he sensed that what he was saying wasn't going over well, he'd change gears within seconds. Nice guy, provocateur, it didn't matter, as long as he wasn't ignored."

He bullied his way to the nomination for prime minister, taking his case over the heads of the party leaders to the rank-and-file.

"Schroeder's will for power is certainly impressive," the former party chairman, Hans-Jochen Vogel, wrote in his memoirs.

"But the question increasingly is, What does he want to do with that power?"

## In Dublin, Clinton Praises Ireland's Peace Economy

Compiled by Our Staff From Dispatches

DUBLIN — President Bill Clinton turned Friday from the turmoil in Northern Ireland to the Irish Republic's thriving economy, holding it up as the prize of peace. "Ireland has moved from nightmares to dreams," he declared.

Surrounded by computer equipment at a growing high-tech company, Mr. Clinton saluted Ireland's 7.7 percent growth rate last year as the highest of any country in Europe. Peace and stability can cement the good times, he said.

"Ireland has assumed great responsibilities," he said. "As a result, you are moving toward permanent peace, remarkable prosperity, unparalleled influence and a brighter tomorrow for your children."

Borrowing the cadence of a traditional Irish blessing, he added: "May the nightmares stay gone, the dreams stay bright and the responsibilities wear easily on your shoulders because the future is yours."

Prime Minister Bertie Ahern, in turn, credited Mr. Clinton and his role in brokering the Good Friday peace accord with holding out to Northern Ireland the same promise of prosperity.

"He's laid down for us — for all of us — that there is a path to follow and if we are sensible, if we're brave and we follow that path, then the reward is peace and stability and confidence," Mr. Ahern said before a private meeting with Mr. Clinton. "If we don't, well, then the future is as gloomy as the past."

At a reception that gave Mr. Clinton a chance to meet business leaders, Mr. Ahern noted that American companies employ 400,000 people in Ireland and dominate electronics, pharmaceuticals and other industries.

"Ireland is really an American economic tiger with a green face," he said with a smile.

Mr. Ahern proudly led Mr. Clinton on a tour of the Gateway computer plant and highlighted business opportunities in Ireland.

Seated at laptops with "smart cards" and using personalized codes, Mr. Clinton and Mr. Ahern digitally affixed their signatures to an agreement on developing electronic commerce between their two nations.

U.S. investment has been a major factor in the growth of the Irish economy. Trade between the two countries last year was worth \$12 billion, a 19 percent increase over 1996.

Gateway's Dublin plant employs 1,600 people, mostly producing per-

sonal computers for the European market.

The company is considered a symbol of the decade-long economic boom that has seen American corporations build facilities in Ireland to serve the European market.

Mr. Clinton, his spirits lifted by the warm reception he received across Northern Ireland on Thursday, spoke earlier of his "personal passion" for the Irish question and said the world owed Ireland a debt of gratitude for showing the way to peace and prosperity.

"I hope you will continue to labor for peace here because if we can complete this peace process, you can't imagine what it will enable the United States to do in trying to stand up for peace in other parts of the world where people have fought over their religious, their racial, their ethnic, their tribal differences.

"I can always then say, 'No, no, no, look at Ireland,' when they tell me it can't be done," Mr. Clinton told an audience of government officials, businessmen and trade unionists.

On Saturday, Mr. Clinton visits the western city of Limerick and then plays golf at the Irish golfing mecca of Ballybunion before flying back to Washington.

(AP, Reuters)



President and Mrs. Clinton talking at a reception in Dublin on Friday.

## Police Set to Crack Down on Rebel IRA

By T. R. Reid  
Washington Post Service

BELFAST — Armed with tough new powers approved in London and Dublin, British and Irish policemen are expected to mobilize for an all-out crackdown this weekend on an Irish Republican Army splinter group that carried out a terrorist bombing last month in the town of Omagh.

The target of the police action is said to be the so-called Real IRA, an opponent of the Northern Ireland peace agreement that claimed responsibility for exploding a 500-pound (225-kilogram) car bomb amid a crowd of Saturday shoppers in the Omagh town square.

Twenty-eight people were killed in the Aug. 15 attack, the worst in 30 years of sectarian strife in the British-ruled province.

People who follow the IRA and its

extremist offshoots say the Royal Ulster Constabulary, the province's police force, and the Gardai, the police in the Republic of Ireland, probably know the identity and whereabouts of several dozen members of the Real IRA.

The police have not made sweeping arrests in the Omagh case, reportedly because they lacked sufficient evidence to hold the suspects under British and Irish law.

The legal issue was settled Thursday, however, as the British and Irish parliaments approved emergency legislation making it considerably easier for the police to arrest suspected terrorists and hold them without bail.

The new laws, proposed a week ago in the aftermath of the Omagh attack and rushed through under emergency procedures, authorize judges to order that suspects be jailed without bail if a police official testifies that the sus-

pects are believed to be terrorists.

Until the new laws were approved, both countries had required some corroborating evidence to sustain such detention.

The new statutes also say that courts can consider a refusal to answer questions as evidence of guilt, if a person is accused of terrorism. Such a provision would not apply in cases unrelated to terrorism.

In both parliaments, civil libertarians expressed concern about the rush to enact the new laws and the potential impact on individual liberties. But those who spoke out comprised small minorities.

The new legislation means that Ireland now has somewhat tougher antiterrorist laws than Britain.

The Omagh bombing has generated considerable support in both countries for a crackdown on terrorists in Northern Ireland.

The new laws will continue to be enforced across western Ulster and northern Ireland. Very

soon, however, come the first arrests.

Tropical waves interacting with an upper-level will bring thunderstorms to the low ceiling. Windy conditions will continue, with gusts up to 60 mph. Clouds will move across the northern half of the island.

Very hot weather will continue across western Ulster and northern Ireland. Very

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## North Korean Refrain: Up in the Sky, It's a Tuneful Satellite

By Don Kirk  
International Herald Tribune

SEOUL — North Korea said Friday it had launched a satellite, not a missile, over Japan on Monday and said the satellite was orbiting the globe broadcasting revolutionary hymns of praise for Great Leader Kim Jong Il and his late father, Kim Il Sung.

The broadcast said "our scientists and technicians succeeded in launching the first artificial satellite on a multistage rocket and getting it successfully into the correct orbit."

The broadcast confounded American, Japanese and South Korean officials, all of whom had said that North Korea had launched a two-stage medium-range Taepo-Dong 1 missile on a trajectory over Japan. The second stage was said to have landed 1,380 kilometers (863 miles) from its launching pad in Taepo-Dong on the northeastern North Korean coast.

The South Korean Defense Ministry said the North may have lied to avoid the threat of sanctions imposed by the United States and Japan, said South Korea's semi-official Yonhap news agency. A spokesman for President Kim Dae Jung said, however, that South Korea was asking the United States and Japan to see whether there was any truth to the North Korean claim before denouncing it.

Later Friday, the United States said it doubted that the object launched by North Korea was a satellite. A Pentagon official said: "We still maintain it was a Taepo-Dong." Asked how the United States could be sure, he said: "We monitor the peninsula very closely."

Also on Friday, the U.S. deputy assistant secretary of state, Kurt Campbell, said there were "observations" that North Korea may fire a second missile to mark Kim Jong Il's election as president, expected Saturday.

Mr. Campbell reportedly told an of-

icial of the Japanese ruling party during a visit to Tokyo that if North Korea went ahead, the U.S. stance toward Pyongyang would change fundamentally, with possibly serious consequences.

Japanese officials and analysts expressed doubts that North Korea had the technical capability to place a satellite in space. "It's impossible," a foreign ministry source was quoted as telling Jiji Tsushin-Sha.

The North Korean broadcast suggested that all one had to do to confirm the existence of the satellite was to tune in to "the immortal revolutionary hymns 'Song of General Kim Il Sung' and 'Song of Kim Jong Il'" wafting over the airwaves at 27 megahertz.

There was no indication that anyone had tried to monitor the broadcast from space.

The North Korean announcement, carried simultaneously on television and radio from of Pyongyang, began as a reminder that North Korea begins ob-

servances this weekend to mark the 50th anniversary Sept. 9 of the founding of government of the Democratic People's Republic of Korea.

The broadcast did not mention the expected election of Mr. Kim by the 687-member Supreme People's Assembly as president and head of state.

Besides emitting revolutionary music, the broadcast said, the satellite had a practical purpose "for the peaceful use of the cosmos and for scientific research."

North Korea-watchers' initial response was to laugh off the North Korean claim.

"It's conceivable they could put a satellite up there, but I have serious reservations," said Kenneth Quinones, who has visited North Korea 13 times in recent years as a U.S. State Department official. "If there is a North Korean satellite up there, we would have heard about it by now."

But analysts thought that one of

North Korea's basic purposes, whether in firing missiles or launching a satellite, was to bargain for hundreds of millions of dollars from the United States.

The South Korean Unification Ministry said Friday that members of an American congressional delegation were told during a visit to Pyongyang last month that the North would stop exporting missiles in exchange for \$500 million a year from the United States.

Mr. Quinones, who retired from his post as chief North Korea watcher for the State Department this year, said the North had been hinting at a possible deal for months.

"The fact that we are seeing dollar figures cited means the North Koreans are defining a negotiating position," said Mr. Quinones, who is now the Korea representative for the Asia Foundation. "They're trying to drive the hardest bargain. Their aim is not to start war but to maximize gains for minimal concessions."

### BRIEFLY

#### China Frees Producer Working for CBS

BEIJING — The Chinese authorities on Friday released from detention a television news producer employed by the American network CBS.

The producer, Nazlie Liu, also known as Liu Qingyan, said by telephone that she was freed at dusk after being detained and questioned for more than two days for working for a foreign news organization in Beijing without government accreditation and for interviewing pro-democracy campaigners.

Chinese citizens are barred from working as journalists for foreign news organizations in China but can be employed as interpreters for or assistants to foreign reporters.

Miss Liu, 32, who has permanent residence in the United States, joined CBS News in Beijing in 1997 as a freelance associate producer.

She was detained from her Beijing home on Wednesday. She said the authorities knew she would obtain U.S. citizenship later this month. Washington had taken up the issue of her detention with Beijing. (Reuters)

AUSTRIA:

## Malaysian Reformer Garners Support

*Following Ouster From Government, Anwar Plans to Appeal to the People*

Agence France-Presse

KUALA LUMPUR — As human rights leaders, youth groups and regional newspapers came to his defense, the ousted Malaysian deputy prime minister, Anwar Ibrahim, vowed Friday to tour the country to defend his integrity and promote his version of reform.

Mr. Anwar, who was also finance minister when his former mentor, Prime Minister Mahathir bin Mohamad, fired him Wednesday, said a "major reform movement" had emerged in Malaysia.

Asked whether he would appeal directly to the people since his views were not being carried by the local media, Mr. Anwar said: "Yes, as soon as possible, because I may be arrested anytime. It's a waiting game."

He added: "I will not get buses of people to pay to attend." He was referring to the governing party's alleged practice of transporting people to rallies.

It was not clear whether a campaign by Mr. Anwar could generate broad support. The Muslim Youth Movement of Malaysia, an organization founded by Mr. Anwar, denounced his dismissal.

"This shocking decision will create a political crisis, the last thing that the country needs in view of the economic turmoil we are facing," the group said.

Dozens of human rights groups and opposition parties, including Amnesty International, the opposition Democratic Action Party and Malaysian Trade Unions Congress, issued a joint statement voicing their protest.

"The action illustrates the arrogance

of the prime minister, who has completely disregarded fairness, due process and political accountability to the public," said Tian Chua, a spokesman for Suaram, a human rights group.

Despite the outcry from such groups, cabinet ministers and senior government officials have expressed support for Mr. Mahathir's "difficult" decision.

"Let's give the prime minister our full trust and remain solidly behind him," Education Minister Najib Tun Razak said.

After Mr. Anwar was expelled from the governing party, Mr. Mahathir said he was "saddened" by the unfolding events. "I wish it hadn't happened, not at this point," he said. "But these things have gone out of my control."

Some Asian newspapers interpreted the ouster of Mr. Anwar as an alarming turn of events.

"Whatever happens, this sacking is likely to prove disastrous for Malaysia," the South China Morning Post said in an editorial.

The Nation in Bangkok called Mr. Anwar's dismissal "an act of absolute authoritarianism."

Mr. Anwar said the current turmoil in Malaysia was precipitated by the downfall in May of President Suharto of Indonesia. He said Mr. Mahathir's decision to fire him had been driven by "paranoia about the terms nepotism and cronyism. Why do you need to be hypersensitive over the allegations?"

Long-simmering tensions between Mr. Anwar and Mr. Mahathir came to a

head in June when a supporter of Mr. Anwar raised the issue of nepotism and corruption at an assembly of the United Malays National Organization, the governing party.

Mr. Anwar was ousted Thursday as deputy president of the party at a meeting of the party's supreme council presided by Mr. Mahathir.

Mr. Anwar, who has dismissed charges of sexual and official misconduct, was accompanied at a news conference by his wife, Seri Hasmah Ali, a doctor. Asked what she thought of the sexual allegations against her husband, she replied: "I am baseless. I believe totally in my husband's innocence. I really believe in him. I married the man for what he stands for."

Earlier Friday, in a fiery speech at a local mosque, Mr. Anwar called on Malaysians to oppose Mr. Mahathir.

"The true power is with those who are brave enough to demand their rights for reforms and changes in the country," Mr. Anwar said.

"Remember, man can plan. But God also has his plans. For how long more do you want power? For how long do you want to monopolize wealth? How much longer do you want to cheat the people?" he said, apparently referring to Mr. Mahathir.

Some of Mr. Anwar's supporters created a site on the World Wide Web to defend him ([www.anwar.com.my](http://www.anwar.com.my)).

Mr. Anwar said he expected to be charged Friday but was unsure with what.



POISON ALERT — Japanese police officers checking food in a convenience store in Nagoya after a clerk was sickened by a swallow of pineapple juice. A rash of poisonings, from arsenic in pots of curry to cyanide in tea, has gripped the country recently.

The Associated Press

## Burma Police Seal Off Campus As Student Protests Subside

Reuters

RANGOON — Truckloads of riot police blocked off a university here Friday after hundreds of students demonstrated again overnight against plans to relocate their campus, witnesses said.

Between 500 and 900 students took part in the demonstration at the Hlaing campus of the Yangon Institute of Technology, diplomats said. The demonstration appeared to have subsided by Friday morning.

A diplomat said his embassy was trying to confirm a report that at least 100 students had been detained since the demonstrations began Wednesday.

Witnesses said some 200 helmeted riot police were stationed around the campus Friday morning. Traffic was not allowed on a road through the campus. Diplomats said students were apparently not being allowed out.

"They've blocked off the campus and sent along large numbers of riot police," a diplomat said.

The main political opposition group, the National League for Democracy, issued a statement calling on the military government to resolve the students' complaints peacefully, saying the demonstrations themselves had been peaceful.

The league "earnestly urges the authorities to make efforts to resolve these peaceful demonstrations peacefully," the statement said.

This week's demonstrations at the Yangon Institute of Technology have been the biggest here since late 1996.

They coincide with increasing tension between the government and the National League for Democracy. The league has said it will convene the parliament that was elected in 1990 but that the army never allowed to sit.

The students have presented a number of demands to the authorities, but the main issue had become a government plan to relocate undergraduate classes to an area about a four-hour drive away from the current northern Rangoon site, diplomats said.

They said the military government's plan to divide the institute's facilities was part of a long-term strategy of dispersing students from the center of the capital.

In 1988, the army crushed an uprising for democracy that was led by students.

The government has been building two new campuses for the institute. One is at Hlaingthaya, about a 45-minute drive from central Rangoon. The other is at Simde, about four hours from the city, the diplomats said.

Students also have complained that refresher courses to prepare for final examinations next week were too short, the diplomats said.

The government has kept the country's universities closed for most of the past decade to prevent student unrest. The Yangon Institute of Technology reopened last month for the first time since late 1996, specifically to allow for the refresher courses ahead of final examinations.

It said ASEAN encouraged "all parties concerned in Cambodia, particularly the contending candidates, to resolve their differences in the spirit of national reconciliation and unity so that a new National Assembly could soon vote on a new government."

Hun Sen's ruling Cambodian People's Party won 64 of 122 National Assembly seats in the election but the opposition, led by his former co-prime minister, Prince Norodom Ranariddh, and a former finance minister, Sam Rainsy, has objected to the result.

They allege that Mr. Hun Sen's party won through fraud and intimidation. (Reuters)

## Kidnap Victim Freed

ROME — A wealthy Milan businesswoman was freed by her kidnappers early Friday, nine months after she was abducted outside her apartment, new reports said.

Alessandra Scarella, 40, was picked up by the police in Moschetti di Locri, in the southern region of Calabria. Italian news reports said that she was dropped off in the town at about 1:30 A.M. and that she then knocked on the door of the nearest home to call police.

Miss Scarella, who was being questioned by investigators, was said to be in good health.

Her captors had initially demanded a ransom of 50 billion lire (\$28 million), the highest known in Italy, but it was unclear whether anything had been paid. (AP)

## BOOKS

### THE POTATO: How the Humble Spud Rescued the Western World

By Larry Zuckerman. 304 pages. \$22.95. Faber & Faber.

Reviewed by Jonathan Yardley

**T**HE sweeping claim in Larry Zuckerman's subtitle can be excused on the grounds of enthusiasm. The lowly potato has contributed to human life in many valuable and agreeable ways, but to single it out as the salvation of the world as we know it is,

perhaps, a tiny bit overzealous — but not, as this book proves, preposterous.

Zuckerman, a writer and editor, explains "how the tuber outlasted two centuries of prejudice to become a social force in France, England, Ireland and the United States." Although he traces the potato back to Peru and its exportation to Europe by Spain in the 16th century, his focus here is on those four countries and on the 18th and 19th centuries, with the Great Famine of Ireland serving as centerpiece.

The book explores a number of themes, most arising from the central fact about the potato: It has always been stereotyped as the food of the poor. Both a root and a nightshade, the potato was greeted in Europe with skepticism and even fear, especially among the privileged, who assumed that it was dirty and, being easy to cultivate and

rich and poor. Similar lessons are to be learned about France (after initially spurning the potato, the French habit of "thrift, simplicity, and denial" made the most of it).

England (the rise in the potato's popularity went hand in hand with the industrial and agricultural revolutions as well as the move to the cities) and the United States (which eschewed snobbery and welcomed the potato as a sublimely democratic food).

One shortcoming in this otherwise informative and thorough book is that Zuckerman tells us too little about potato cookery and how it has evolved over the years, leading not merely to fish and chips and french fries, but also to fast-food potato bars in which nutrition takes a back seat to fat, calories and other delights. Whatever the potato may now be, "humble" it most certainly is not.

Washington Post Service

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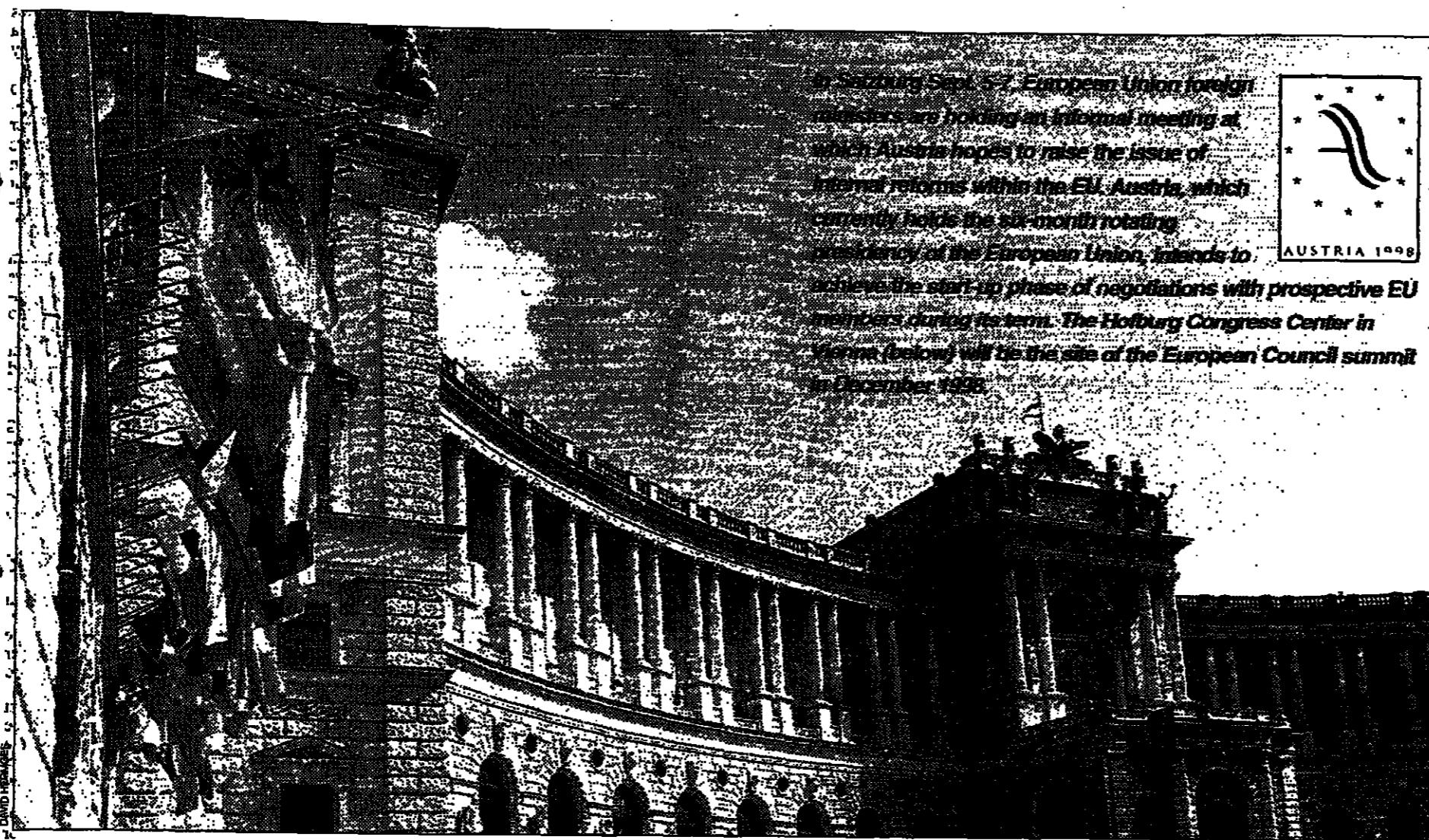
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JPJ/110/10

# AUSTRIA: SPOTLIGHT ON EU ENLARGEMENT



BERLIN, Sept. 5— European Union foreign ministers gathered in Vienna yesterday to raise the issue of enlargement negotiations with prospective EU members. The meeting, at the Hofburg Congress Center in Vienna, is the site of the European Council summit.



## New Kosovo Fighting

PRISTINA, Kosovo, Aug. 29— Troops battled with anti-Serb guerrillas today in the west of the province. Kosovo Province's main town, Pristina, urged them to allow humanitarian aid to tens of thousands of refugees.

Ibrahim Rugova, leader of the ethnic Albanian political party Democratic League of Kosovo, told news conferences that a true political settlement was needed to end the violence in the Serbian province.

"The possibility of reaching a true accord in three years is now considered," Rugova said.

## Unrest in Indonesia

JAKARTA, Indonesia, Aug. 29— Troops of President Suharto's National Front for Democracy and Development party, which has been in power since 1965, are fighting rebels in the eastern part of the island of Sumatra.

Antonius, a spokesman for the rebels, said they had been fighting for a year and were supported by the United States.

The rebels, who are members of the United Democratic Party, are demanding the release of 150,000 political prisoners, including former members of the Indonesian Communist Party.

Both sides are fighting for control of the island of Sumatra, which is the second largest island in Indonesia.

## FORCES THAT HOLD EUROPE TOGETHER

Austria's foreign minister, Wolfgang Schüssel, speaks about Europe's role in world trade and politics.

As president of the Council of the European Union and the first Austrian ever to hold this position, how do you view the future of Europe?

It is a very decisive crossroads we are now approaching. In the Europe of the 21st

century it is not only the internal structures of the union that are at stake. The strategy of the union will also have to be redefined in view of the revolution now taking place — a global revolution. The single market already has the largest share in world trade figures. Thanks to economic and monetary union, the EU is becoming a global player

in world financial institutions.

It is only in foreign policy that we are lagging behind. What we need is a

face or voice, a recognizable entity, for the common foreign and security policy — if you like, a Monsieur or Madame Europe. This should be settled during the European Council meeting in Vienna shortly before the end of the Austrian presidency in December 1998.

We also need a clear structure within the Commission and better horizontal coordination. For instance, to meet Kyoto [environmental] targets we have to reconcile the interests of industry, energy and the environment.

Or take the Council of Ministers. Today, we have four or five ministerial councils dealing with questions of the single market — industry ministers, single market ministers and ministers of energy, of tourism, and of research and development. This should be better coordinated.

What are the prospects for enlargement of the EU?

What the Austrian presidency intends to achieve is the real starting phase of negotiations in compliance with the screening of the Commission so that we can commence the debate on spe-

cific chapters in November. This will bring momentum to the whole process by opening the sensitive phase of real political negotiations. In its turn, this will strengthen the reform ambitions of the candidates and prepare them a little bit better. No time, no date, though. I am just determined to get things moving.

Apart from the turbulence in the Balkans during the 1990s, do you see any possibility for pacifying the region, and if so, how?

On the one hand, the EU has developed a very reasonable strategy, the so-called regional approach. Although all the countries belonging to the former Yugoslavia are now independent sovereign states, there is a need for a regional approach because they are all in the same geographical region. They need trade, infrastructure and also economic, cultural and political cooperation. We should give them a clear signal, always assuming there is pluralism and acceptance of democracy, freedom of the mass media, freedom of speech and positive treatment of the opposition. On the other hand, what can we offer in the way of a solution? Our own models of cooperation and good

neighborliness. To take just one good example: South Tyrol. A very delicate, emotional, sensitive issue between two countries [Italy and Austria] was solved in a very successful way.

What topics do you expect to raise at the informal meeting of foreign ministers in Salzburg?

We will start a debate on internal reforms in order for the EU to meet the demands of globalization. At a time when Europe is increasingly becoming a global player, there is a need for more European coordination and a need for internal reforms of the specific institutions. This means tackling problems of substance in the EU. There are a lot of centrifugal forces around. We should rather think about what holds Europe together. The General Affairs Council is the most pro-European body of ministers, and it should regain its position as the coordinating factor in the EU, but we need to imbue it with more team spirit. •

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## Ex-Rwandan Prime Minister Gets Life Term for Genocide

By James C. McKinley  
*New York Times Service*

ARUSHA, Tanzania—A UN tribunal sentenced a former prime minister of Rwanda to life in prison Friday for his part in the 1994 genocide there, despite his agreement to plead guilty and to testify against other high-ranking officials.

Jean Kambanda, who served as prime minister during the months in 1994 when more than 500,000 people were killed in one of the worst mass murders in history, stood motionless in court as the president of the tribunal, Judge Laity Kama of Senegal, told him he would spend the rest of his life in a prison cell.

Mr. Kambanda is the first person in history to be sentenced for the crime of genocide, an offense first conceived in the 1948 Genocide Convention after the horrors of World War II and now incorporated into the UN tribunal's statutes.

Judge Kama said the gravity of Mr. Kambanda's crimes outweighed the assistance he had given to prosecutors and

his willingness to accept responsibility for what happened. On May 1, Mr. Kambanda pleaded guilty to six counts of genocide and crimes against humanity.

Mr. Kambanda, a 42-year-old former bank director, has described to prosecutors in more than 90 hours of recorded testimony the inner workings of the interim government that orchestrated the killings.

"The principle must always remain that the reduction in the penalties from mitigating circumstances must in no way diminish the gravity of the offense," Judge Kama said.

"Jean Kambanda committed these crimes knowingly and with premeditation," the judge added later. "The crimes are unacceptable because, as prime minister, Jean Kambanda had the duty and the authority to protect the population."

Prosecutors said the judge's decision to impose the maximum penalty they are allowed to under the tribunal's statute would make it more difficult to persuade other defendants to plead guilty.

But they said Mr. Kambanda was still

likely to testify in future trials, if only to protect his wife and children, who are being guarded by UN bodyguards. In addition, they said, the court can reduce Mr. Kambanda's sentence in the future in light of the testimony he gives against his former colleagues.

"His main concern has been the protection of his family," a senior prosecutor, Mohammed Othman, said.

One Rwandan diplomat said Mr. Kambanda's confession that the interim government had organized and carried out the genocide was gratifying, since many Hutu leaders still deny that the state sponsored the massacres.

"The person who is being sentenced was a key player in the whole genocide," the diplomat, Joy Mukanyange, said. "In a way he has convicted the entire government of the time."

But in a presentation hearing Thursday, a defense lawyer portrayed Mr. Kambanda as an unwilling puppet whom Hutu militants had coerced to lead the government during the massacres.

The lawyer, Oliver Michael Ingilis,

said Hutu militants had drafted Mr. Kambanda against his will to become prime minister shortly after an airplane carrying the Rwandan president, Juvenal Habyarimana, was shot down near Kigali, the capital, on April 6, 1994.

Mr. Kambanda was at the heart of the interim government that orchestrated the killings before being defeated in July by Tutsi rebels and forced into exile in the former Zaire.

At the hearing Thursday, Mr. Ingilis said Mr. Kambanda had had no choice. He said the Hutu military leaders who had seized the government dragged Mr. Kambanda out of his bank position and forced him to serve to give their government legitimacy.

But prosecutors argued that Mr. Kambanda was not only a willing member of the government that oversaw the genocide, but became its main spokesman. He traveled throughout the country, visiting places where massacres were taking place, and gave inflammatory speeches that encouraged people to kill Tutsi, they said.

"We have a number of speeches, recorded speeches, that he made which we think amounted to a direct call to people to commit genocide," Mr. Othman said.

Mr. Kambanda also signed directives legalizing the murderous gangs of militiamen and personally distributed arms to them, knowing they would be used to commit massacres, prosecutors said.

The former prime minister admitted that he had dismissed the Tutsi governor in his home region, Butare, and replaced him with a radical Hutu official, who organized killings of Tutsi civilians.

But perhaps the most chilling charge Mr. Kambanda has acknowledged is that he led a meeting in Kigali in May 1994, at which local officials asked him to save dozens of Tutsi children who had survived a massacre and were hiding in a local hospital. Mr. Kambanda did nothing to help them. They were killed later that day.

After the Tutsi rebels defeated the government army and stopped the killings, Mr. Kambanda fled into the



Former Prime Minister Jean Kambanda during his sentencing Friday.

former Zaire with thousands of other Hutu refugees in July 1994.

He later moved to Nairobi, where he was arrested in July 1997 along with several other high-ranking former government officials.

## Family Visits And Business Put Them On Flight 111

*The Associated Press*  
The victims on Flight 111 were traveling for business and pleasure when disaster struck. Following are sketches of some of them, based on information from Swissair family and friends:

Else and Torkild Albertsen of Tewny, New Jersey; Natives of Denmark, the couple were heading to Geneva to visit a daughter before continuing to Turkey. Mr. Albertsen ran Tower Brokerage, a fruit and vegetable importing business. Mrs. Albertsen formerly worked in the personnel department of CPC International, now known as Bestfoods, in Englewood Cliffs, New Jersey.

Patricia Ezell, 38, of Irvington, Alabama: A native of Baar, Switzerland, Mrs. Ezell worked as a project assistant for a German chemical company that had a plant near Mobile, Alabama. She was on Flight 111 to visit relatives. "My sister woke me up at 12 o'clock at night," said her husband, Danny Ezell. "She just told me that her plane went down and we started watching the news. We knew her flight number — there was no mistake about it."

John Mortimer, 75, and wife, Hilda, 69, Stamford, Conn.: He was a retired executive of The New York Times. Before retiring in 1983, he had been senior vice president for personnel and industrial relations and assistant to the president of the New York Times Co. The couple were traveling on their annual European vacation to the south of France.

Tom Hausman, 33, of New York: Mr. Hausman was head of the Latin American division of Continental Grain Co. He and his wife, Lanita, did not have children but were working on adopting a baby, family members said. Mr. Hausman grew up on his parents' farm just south of Champaign, Illinois, but returned home to visit family and friends. "Tom was still the same caring guy, despite his success," said Roger Kleiss, a close friend since kindergarten. "I know this sounds like a cliché, but he really had a zest for life."

Lawrence and Pauline Hopcraft of Gates Mills, Ohio: Mr. Hopcraft, 55, was a vice-president at Parker Hannifin Corp. Mrs. Hopcraft was the first employee hired at Walt Disney World in Orlando, Florida, when it opened. She worked in hospitality but sometimes was recruited to dress as Goofy for parades. The Hopcrafts were going to France for two months on business.

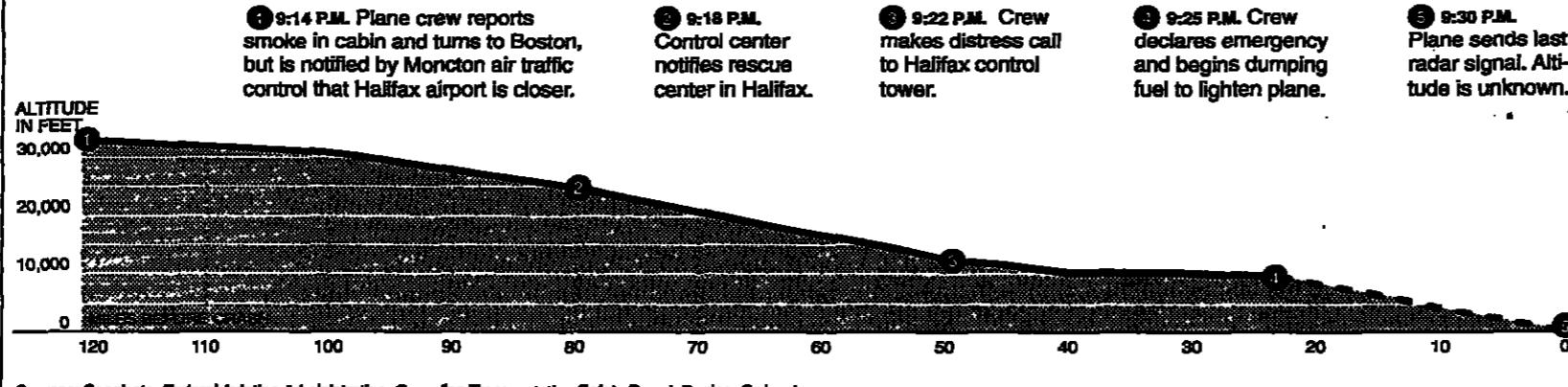
Jay Jason, 40, of Basking Ridge, New Jersey: Worked for the pharmaceutical giant Merck & Co. and was traveling to a business-related meeting in Geneva. Mr. Jason was in the company's clinical development studies program, testing drugs' effects on people. "The people he worked with are very, very upset," said a Merck spokesman, John Dooley. "They feel it's a tremendous loss."

Maryline Junod, 42: A Swiss national and a manager at International Flavors & Fragrances, a New Jersey-based company. She worked in the company's New York City office. She had left her office Wednesday in a rush for the airport, said Bill Dalton, the company's vice president of global public affairs. "She was running late and was concerned she would miss the plane," he said. Ms. Junod was headed to Europe to visit family and friends.

James Kassel Jr., 34, of Medford Lakes, New Jersey: He was a senior manager of corporate meeting planning services for Bristol-Myers Squibb and was on his way to a business meeting, said Jane Kramer, a company spokeswoman. Said a friend, John Sedor: "Jim was one of the happiest, most outgoing people. He had a great sense of humor."

Denis and Karen Maillet of Baton Rouge, Louisiana, and their 14-month-old son, Robert: The 37-year-old engineers planned a two-week vacation to introduce their son to his French grandparents. "The Maillets were very excited about going home to visit Denis' parents," said the Reverend Gerald Burns of St. Aloysius Church in Baton Rouge. Mr. Maillet, a native of Lyon, met his wife through their work as engineers, said Jayne Tibodaux, a family friend. He initially spoke no English and she no French, but they quickly learned each other's languages and fell in love, she said.

### The Last 16 Minutes



Sources: *Sonarjets*; Federal Aviation Administration; Canadian Transportation Safety Board; Boeing; Swissair

## VICTIMS: UN Grieves for Its 7 People on Doomed Flight, Known as World Body's Airbus

Continued from Page 1

medicine at the University of Utah School of Medicine, had developed an elaborate family tracking system to help identify people who were genetically predisposed to cardiovascular diseases.

Two Unicef officials were on the flight.

Yves de Roussan, a Canadian, worked with adolescents who were abandoned or ran afoul of the law and was the agency's regional adviser for Central and Eastern Europe. Ingrid Acevedo, an American who was director of public relations for Unicef's U.S. National Committee, was on her way to attend a meeting to plan for an annual communications workshop.

Mr. Scoular, a Scottish-born resident of Manchester, England, was the chief executive of Sylvania Lighting International, which had recently been acquired by SLI Inc. of Canton, Massachusetts, and of which he had become chief operating officer. After meeting with SLI officials, he had boarded Flight 111 to go to Geneva to shut down an office there.

The Brookhaven National Laboratory

in Upton, New York, said that it lost both a physicist and a guest researcher in the crash.

Klaus Kinder-Geiger, a German citizen who was an associate theoretical physicist at the laboratory, was on his way to Trento, Italy, where he was to speak at a physics workshop. He then planned to continue his work at a particle physics laboratory in Geneva.

Per Sporre, a Swedish citizen, was a guest researcher at Brookhaven's Synchrotron Light Source facility. His career was rooted in finding new ways to use X-rays to diagnose disease and for high-resolution imaging of objects. He helped pioneer a technique known as phase-contrast microtomography, which allows detailed images of the interior of solid objects.

As is always true with international flights, even in the last gasps of summer, some of the passengers were not traveling on business.

Disaster inevitably has its other side, those individuals whose moments of salvation saved their lives. Marc Rosset, the Swiss tennis player, told reporters at the U.S. Open that he was booked on the doomed Flight 111 after his first-round defeat forced his early departure from the tournament.

Not long before he was due at the airport, he said he chose to stay one more day to get in some practice with the top-level hitting partners available at the tournament.

"It was a strange feeling when you realize that for just changing your mind you are still alive," Mr. Rosset said.

The former middleweight champion fighter Jake LaMotta lost his 49-year-old son, Joe, president of LaMotta Foods Inc. In February, Mr. LaMotta lost his older son, Jake Jr., to cancer. "My only two sons died in the same year," Mr. LaMotta said. "What is God trying to tell me?"

Mahmud Diba, a cousin of the wife of the late Shah Mohammed Reza Pahlavi of Iran, was among the victims, according to family sources in Geneva. "He was a first cousin of Empress Farah, the only Iranian on the list," a family source told Reuters.

Prince Bandar ibn Saud ibn Abdel Rahman al-Khalifah was a businessman who made frequent trips to the United States.

Two best friends from Georgia also perished.

Caroline Smith of Augusta and Cherie Hastic of Marietta were heading to Europe for a vacation and planned to meet up with Mrs. Hastic's daughter, Elizabeth. (NYT, AP, Reuters, AFP)

## In Halifax, 'We Waited, but Nothing Came'

By Alisa Valdes-Rodriguez  
*Boston Globe*

PEGGY'S COVE, Nova Scotia — Troy Kruger, a young refueler at Halifax International Airport, heard the voice on the radio in his truck on the runway.

A pilot in an unknown plane was carrying on an urgent, barely controlled conversation with the man in the airport tower.

What Mr. Kruger did not know was that the voice belonged to the pilot of Swissair Flight 111 and that he was only moments earlier told air-traffic control that he was "one level below an emergency," according to investigators.

The pilot circled back, heading toward Boston, they said. Air-traffic control advised him that Halifax was closer, 80

kilometers (50 miles) away. The pilot turned around and flew on.

By that time, his voice was being heard in Halifax by Mr. Kruger, the tower operator and a pilot on the ground named Andrew Arthur. "He said there was smoke in the cabin, but that it was an extreme emergency," Mr. Arthur said. "I wasn't sure it was a big plane, but when he said he was going to dump 208 tons of fuel, I knew it was a major problem."

With smoke filling the plane, the pilot guided the MD-11, carrying 229 people, to within 48 kilometers of the Halifax airport.

Mr. Arthur and Mr. Kruger stepped outside and stared up at the sky. "We were waiting for the lights to come down, something, anything. But nothing came," Mr. Arthur said. "You could hear the tower guy's sigh, almost like he was crying."

## CRASH: Swissair Seeks Clues to Disaster, but 'No Explosion' Seen

Continued from Page 1

no explosion from any kind of terrorism, but we do not rule out any possibilities in this moment," said Benoit Bouchard, the chairman of the Canadian Transportation Safety Board.

The crash Wednesday night was particularly puzzling since safety records have been enjoyed by both Swissair and the airline, a McDonnell-Douglas MD-11, a three-engine plane adapted from the DC-10 and operated by a score of airlines.

The plane crashed when it was six minutes away from the airport in Halifax, Nova Scotia, where it was attempting to make an emergency landing after turning back over the Atlantic.

The pilot, complaining of a control malfunction, had initially expected to land in Boston, but was routed to the closer Canadian airfield as the plane's problems worsened.

While the pilot was draining fuel to prevent an explosion in an emergency landing, the plane apparently plunged into the sea with enough force to smash the aircraft on impact.

There was confusion Friday about

whether Swissair had carried out a small design modification, estimated to cost \$1,600, to eliminate a potential wiring risk that could start an electrical fire and interfere with the wing-flap controls.

The change was ordered by the Federal Aviation Authority in 1996 after an airline reported a problem in a cable in the cabin. Compulsory for U.S. carriers, the repair was only a recommendation to foreign airlines such as Swissair. But several experts said Friday that Swissair would have made the fix routinely.

Schissler said Friday that it had specifically carried out the modification last year — "in the plane that crashed," an executive said. But he cited a recom-

mendation from Boeing, involving a potential problem with cables chafing in the cockpit. So it was not certain that it was the same potential defect as the one involved in the 1996 finding.

Schissler reported no problems with its MD-11s, including the one that crashed. "It had a clean bill of health," according to Jeffrey Katz, the airline's head. He said the plane was seven years old.

Schissler was bringing up to 300 relatives of the victims by special flights from Europe and the United States to the crash scene as rescue attempts turned into a salvage operation in choppy waters off Nova Scotia.

Jet With Smoke in Cockpit Lands Safely

Agence France-Presse

HALIFAX, Nova Scotia — A Canadian charter jet bound for Scotland to Glasgow. The jet, with 225 people on board, was 240 kilometers (150 miles) off the coast of Labrador when it was diverted to Goose Bay, Newfoundland, for an emergency landing. The aircraft landed safely, and no injuries were reported.

## OSLO: Norwegians Rally Around Their Prime Minister, Depressed by Work and Stress

Continued from Page 1

degree of cohesion behind Anne Enger Lahnstein, the culture minister and leader of the rural-based Center Party, who is acting as prime minister. Public bickering has stopped and ministers say they will complete negotiations on the 1999 budget by Monday.

But many analysts question whether any budget will be adequate to meet Norway's needs, or pass minister with the Storting, where the three-party coalition holds just 42 of the 165 parliamentary seats.

The coalition is governing by default because Labor, the country's largest party, resigned from the government last year after falling slightly short of its self-declared vote target.

Along with his allies, Mr. Bondevik promised new spending for rural regions, pensioners and families. The centerpiece

of his plans was a promised tax-free benefit of 3,000 kroner (\$388) a month to families that keep children aged 1 and 2 at home, rather than placing them in state-sponsored child care. The benefit is projected to cost 3 billion kroner a year and thousands of parents in two-income households have quit their jobs or taken leave in anticipation.

The trouble is that most financial market analysts and the Norwegian central bank are demanding fiscal restraint to contain a potential inflation spiral.

Unemployment is 2.4 percent after several years of growth, and wages are expected to rise an average 6 percent this year as companies are forced to bid aggressively to attract workers.

The consensus view is that taxes must go up, or spending down, to the tune of 10 billion kroner, or 1 percent of gross domestic product.

The government's difficulties have

been compounded by the weakness in the price

## Russians Brace for Lean Times as Food and Goods Vanish From Shops

By Michael Wines  
New York Times Service

**MOSCOW** — The wasting disease ravaging the ruble and Russian banks has begun to infect everyday commerce in shops and groceries, with unsettling implications — not just for ordinary citizens but also for the government, which rises and falls on their trust.

From personal visits, interviews and anecdotal reports on the Internet and in newspapers, it is apparent that many food markets and hard-goods stores are running out of popular items, from rice to television sets.

Moreover, retailers are finding it increasingly hard to replenish inventories.

The potential for far worse shortages exists. Government and private analysts

said Thursday that grain harvests are running 30 percent below last year's, that meat and cooking oil supplies are dwindling and that potatos — the bedrock of the Russian diet — have been beaten by hard rains.

That does not add up to a winter of starvation, the Russian Institute of Agrarian and Market Studies told the Interfax news service. But it does signal that food shortages may become a national problem at a time when dissatisfaction is already at fever pitch.

For the moment, the shortages are less a problem than an annoyance. Moscow still bustles; an enormous fleet of Mercedes clogs streets and new strings of flashing lights celebrate the city's 851st anniversary. To a casual visitor, many store shelves seem full.

### RUSSIA: Yeltsin Seeks Talks

Continued from Page 1

The acting prime minister then proposed a two-pronged program. In the first stage, he proposed a "controlled emission," or printing of money, to pay off the huge web of debts to pensioners, coal miners, and companies.

He did not say how much but made clear that the government would pump subsidies into the banks and make special efforts to support exporters, which are dominated by natural resource industries.

Mr. Chernomyrdin said the first stage would also involve linking the ruble to an expanded amount of gold and foreign currency reserves at the central bank.

The government would let the exchange rate of the ruble float freely, he said. The proposal sounded similar to that of a so-called currency board, which in the past, in other countries, has involved linking the national currency tightly to the dollar and other foreign currencies.

The second phase, Mr. Chernomyrdin said, would be to tighten the screws on inefficient factories and businesses.

"This effectively means that from January 1, 1999, the state is going over to economic dictatorship," he said. "The times when enterprises could get away with not paying what they owed 'will come to an end,'" he declared, adding that the government would seize the assets of persistent tax defaulters.

Mr. Chernomyrdin called for a "perceivable reduction" in tax rates across-the-board 20 percent personal income tax and a single land tax.

Mr. Chernomyrdin, criticized for his performance as prime minister from 1992 until he was removed in March, appeared twice in the upper chamber of Parliament.

"Whether or not people are listening to our clever speeches," he said, "they are stocking up on cereals, salt, matches and sugar. Doesn't this remind all of you present in this hall of something? I think people of my generation need no further explanation. These memories are frightening ones."

"One can beat the government time and time again," he said, "and, excuse the phrase, smash our faces on the table and engage in endless wrangling, but how can one possibly paralyze the executive power in the state at a moment like this? Is this a joke?"

Mr. Chernomyrdin's prospects for approval appeared to improve Friday when Mr. Yeltsin made two overtures to the State Duma, which is dominated by Communists and nationalists. Mr. Yeltsin said he would be willing to hold a "roundtable" meeting with the Communists on Monday, and he sent legislation that would give the Duma confirmation power over some government ministers.

*By Novayaya Gazeta*  
An odd-and-ends vendor in the Siberian city of Krasnoyarsk waits Friday for buyers. In most cities, people were rushing to spend their rubles. But others have not been paid for several months, and thus they have no rubles.



### CRITIC: Democratic Senator Leads a Harsh Rebuke of President

Continued from Page 1

our constitutional duties," he said.

Some supporters of the president sought refuge in the fact that Mr. Lieberman's uncompromising critique of the president's actions stopped short of calling for immediate action by Congress to censure or reprimand Mr. Clinton. But other Democrats said the White House should take no comfort from what happened.

"I don't think the water's going to come rushing out of the dam, but I think Lieberman said what a significant number of Democratic senators believe should be said," one Democratic strategist said.

Speaking of Mr. Lieberman, the strategist added, "I think he threaded the needle pretty well. He's clear on the potential harm that could come out of this, but also the potential for the president to make it better."



Joseph Lieberman of Connecticut rebuking President Bill Clinton as "immoral" and "disgraceful" on the floor of the U.S. Senate on Friday.

### CLINTON: For the First Time, I'm Sorry

Continued from Page 1

apology since his address.

"He believes that's what he has been saying all along, and that 'I'm sorry' means 'I'm sorry,'" Mr. McCurry said.

On Friday, Mr. Clinton used the plain language of apology twice.

"Basically, I agree with what he said," Mr. Clinton said of Mr. Lieberman. "I've already said that I made a bad mistake. It's indefensible, and I'm sorry about it."

It was the second time during his current international trip that Mr. Clinton has had to address the scandal.

At a news conference with President Boris Yeltsin on Wednesday in Moscow, Mr. Clinton for the first time said publicly that he had made a mistake by having a sexual relationship with the

former White House intern. He was also more direct than before in admitting that he had sought forgiveness.

"I have acknowledged that I made a mistake, said that I regretted it, asked to be forgiven, spent a lot of very valuable time with my family in the last couple of weeks and said I was going back to work," Mr. Clinton said.

Asked Friday in Dublin about talk among some members of Congress that he ought to be formally censured, Mr. Clinton appeared to grow testy.

"I shouldn't be commenting on that while I'm here on this trip," he said.

"My understanding is that that was not a decision that was made or advocated clearly yesterday" on the Senate floor.

"If that's not an issue, I don't want to make it one, one way or the other."

(AP, Reuters, AFP)

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(AP, Reuters, AFP)

In St. Petersburg, a meat importer, Alexei Ivanov, said that demand for Russia's scrawny, softball-sized chickens was mushrooming.

On the Internet late Thursday, one plaintive Moscow resident begged for help in finding bagged materials to line her cat's box, saying she had canvassed about 10 stores only to find that importers were not restocking Moscow retailers.

"I don't know if Kasha the cat can hold off much longer," she typed.

Such shortfalls are largely due to the out-of-control spin of the ruble. Its value has shriveled to a bit more than 5 cents from nearly 16 cents in mid-August, including a fall of some 50 percent this week alone.

Having toppled the prime minister and wrecked the banking system, the

ruble's plummet is now inflicting a triple whammy on commerce.

The prices of imported items, and Russian items with imported components, are skyrocketing. Foreign companies, which supply an amazing share of Russia's food and dry goods, are refusing to let Russian enterprises buy on credit because they fear the ruble's value will have fallen so far by the time bills come due that customers will be unable to pay them.

Andrei Kushnarenko of the Ministry for Foreign Economic Relations and Trade told Interfax that Moscow food processors buy 85 percent to 90 percent of their raw materials abroad.

As this particularly disheveled city-center market, the price of canned peas had risen to 8.1 rubles from 6 in two days, a kilogram of nectarines to 33 rubles from 17 and cauliflower to 20.7 rubles from 17.1.

"What's to be done?" the clerk asked. "People have to eat." So quickly do prices change that a variety of merchants — wholesalers, distributors, even some restaurants and cafes — no longer bother to price their goods in rubles, but in "unit equivalents," a gray-market tender that magically floats each day to correspond with the number of rubles needed to buy a dollar — if, in fact, any dollars were available to buy.

Michael Harman, financial manager of the Cherkizovsky Meat Processing Factory here, said he pays in rubles for sausages casings from a manufacturer in the Don River valley 440 kilometers (275 miles) south of Moscow.

Because imported materials are used to make the casings, he said, their price must float to account for the changing cost of the raw materials.

One problem is that importers demand payment in foreign currencies, often dollars, and foreign currencies are next to impossible to obtain.

For example, consider the plight of Monolit, a St. Petersburg importer of Spanish foods. It holds an investment of some \$150,000 worth of food — olive oil, canned fish and so on — delivered before the full force of the current crisis hit.

The group has not met since then, even as the Kosovo crisis has deteriorated and a humanitarian disaster looms with the approach of winter.

In Cyprus, Russia is still planning to deliver S-300 anti-aircraft missiles by November to the Greek Cypriot government, a move that Turkey warns could trigger war in the Mediterranean.

Moscow has stymied UN inspections of chemical and biological weapons facilities in Iraq and has balked at giving firm assurances it will refrain from supplying nuclear technology aid to Iran.

U.S. officials said all of these subjects were broached at the presidential summit meeting this week in Moscow between Bill Clinton and Boris Yeltsin.

At NATO headquarters, the mood is equally gloomy about building on early hopes for a new security partnership with Moscow. Alliance diplomats say Russia's chief delegate, Sergei Kislyak, is kept on such a tight leash by Mr. Primakov that any substantive dialogue has proved impossible.

On the military side, the Russians have displayed a keen interest in arms cooperation and joint exercises.

At a recent NATO seminar, General Vladimir Manikov, first deputy chief of the Russian general staff, all but acknowledged that his government's goal was to disrupt any NATO activities it found inimical to its interests.

He said Moscow grudgingly accepted to join the council with the understanding it could wield substantial influence over all forms of NATO business — a view in sharp contradiction to Secretary of State Madeleine Albright's insistence that Russia would only have "a voice, not a veto."

His meat-processing company has shifted much of its distribution from rural areas to Moscow, where the demand is greatest, and could continue selling for some six weeks more under the current conditions.

### NATO: Russia Tie Flounders

Continued from Page 1

and rescue some 250,000 ethnic Albanian refugees driven from their homes by Serbian security forces.

Western diplomats said the six-nation Contact Group, which guides Balkan strategy among Russia, the United States and four major European powers, nearly fell apart after an acrimonious 12-hour meeting in Bonn two months ago when Moscow refused to countenance tougher sanctions, let alone military action, against Serbia.

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His meat-processing company has shifted much of its distribution from rural areas to Moscow, where the demand is greatest, and could continue selling for some six weeks more under the current conditions.

## 42nd Gordon Bennett Cup Century of Aviation

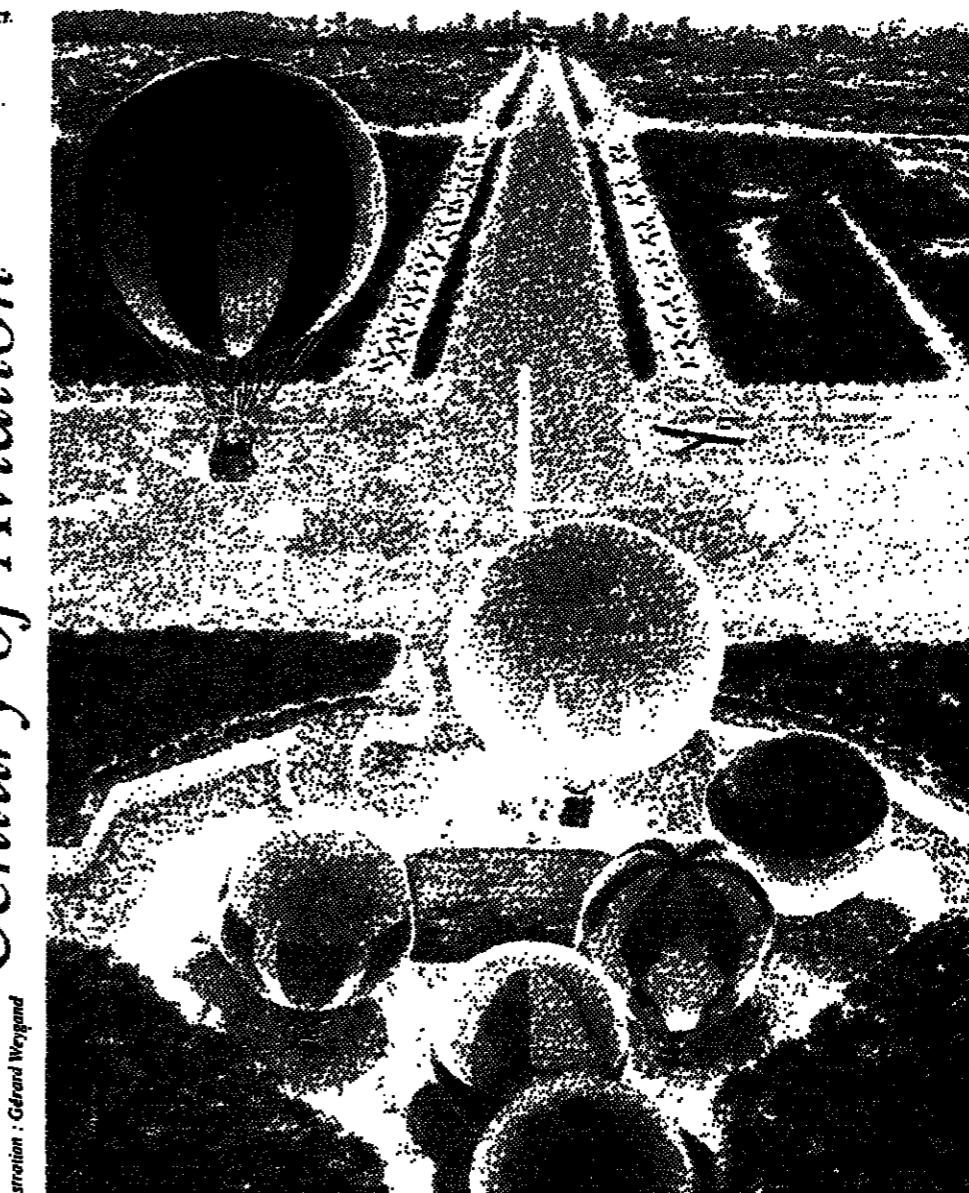


Illustration: Gérard Weyland

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September 12, 98 • Tuileries Gardens • Paris

### Take-off of the « Gordon Bennett Cup »

This year Paris is the site of the world's most prestigious gas balloon race.

• First day cover issue of « Aéro-Club de France 1898-1998 » stamp and Saint-Exupéry's

• Le Petit Prince 5-stamp sheet.

• 7PM Take off of « La Poste » balloon with letters mailed on site.

• 8PM Inflating of gas and tethered hot-air balloons.

• 11PM Take off of the 22 Gordon Bennett Cup competitors.

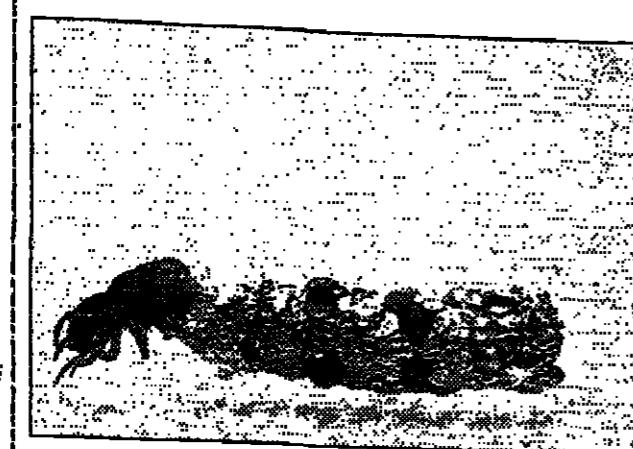
September 10-27, 1998 • on the Champs-Elysées

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A unique look back over a century of aviation featuring 50 aircraft, plus objects and accessories.



Has Failed



Hubert Duprat gave larvae flecks of gold for cocoons.

## Eden Re-created By Artists' Hands

A Paris Show Focuses on Nature

By Alan Riding  
New York Times Service

**P**ARIS — Ever since cave painters began sketching horses, bison, elephants and the like, artists have wrestled with the relationship between man and nature. Fast-forward 20,000 years to the rural and maritime landscapes and the still-life oils of the post-Renaissance, and the question remained unchanged. How should art respond to nature?

Understandably, the Cartier Foundation for Contemporary Art is not claiming to have found an original theme in its latest show, "Etre Nature," or "Being Nature," which runs in Paris through Sept. 20. But it has at least advanced the debate by gathering together works by a score of contemporary artists who find their inspiration in nature.

Fortunately, this is neither pastoral symphony nor environmental exposé. Rather, the artists have found myriad ways, both concrete and abstract, of linking nature to the human experience. And in the process, they offer a different take, at times even a *troupe l'oeil*, on both art and nature.

Perhaps the simplest exhibit, "Theatrum Botanicum," frequently puzzles visitors to the Cartier Foundation's modern glass-and-steel building on Boulevard Raspail. It is almost a cultural diktat that French gardens be severely manicured. But when the center opened in 1994, the German artist Lothar Baumgarten designed a sort of "anti-garden" full of weeds and wild flowers as his way of being truer to nature. Today, this permanent display seems to capture the spirit of "Etre Nature."

So is untouched nature already a form of art? The foundation's director, Hervé Chandes, appears to believe so because the catalyst for this show was the opportunity to present for the first time hundreds of crawling and flying tropical insects from the collection of Anne and Jacques Kerchache. What makes them art and not entomology is that they are not identified and exist only for their stunning colors and shapes.

Some artists have simply transformed natural elements. Andy Goldsworthy, an English sculptor, has created a sphere that resembles a giant tumbleweed, from the fallen branches of an oak tree, while Wolfgang Laib from Germany has used yellow pollen to make a temporary floor painting. Another German, Olaf Nicolai, presents what he calls "biological sculptures" in the form of rocks covered with miniature vegetation accompanied by blow-up photographs that suggest the tiny plants are large trees. The American Peter Campus is showing black-and-white transparencies of rocks that, seen in a dark room against a black background, take on the appearance of asteroids.

Chandes said he was particularly struck by the photography of the 80-year-old Japanese artist Yukio Nakagawa, who has turned *ikebana*, the Japanese art of flower arrangement, into contemporary art.

Tim Hawkinson, a Los Angeles-based artist, has achieved a *troupe l'oeil* effect in a still more personal way. His exhibits include the tiny skeleton of a bird, an egg and a feather, but in this case his own body has provided the raw material: the egg and the feather are made with the artist's hair, the bird skeleton with bits of his fingernails.

Frans Krajcberg, a Polish-born Brazilian sculptor, is the only exhibitor here to refer to man's abuse of nature. He does this through wooden sculptures of blackened trunks of trees resting on a bed of charcoal.

Giuseppe Penone, an Italian sculptor, is also interested in trunks and boughs of trees, but these he reproduces in glass and, in this case, has placed them amid the vegetation of Baumgarten's "anti-garden." The work of Tunga, a Brazilian artist who frequently gives strange forms to everyday objects, is represented here by a large viper made of braided, black electric wire.

**T**WO artists have brought art and nature together in a way guaranteed to appeal to visitors. In a work called "Le Pont" (1993-1995), which resembles a small glass-covered footbridge, the Paris-based Chinese artist Huang Yong Ping has juxtaposed 18th- and 19th-century Japanese bronzes of animals, snakes and dragons with live tortoises and snakes.

Still more fascinating is the work done by a French artist, Hubert Duprat, with the larvae of the caddis fly. These small wormlike life forms are aquatic and live in slender cocoons that they build out of threads, tiny twigs and sand. Since 1983, Duprat has been giving them flecks of gold, pearl and precious stone with which to make their cocoons. In the exhibition, a continuous film shows one worm busily at work in close-up. Like any group show, "Etre Nature" can offer no single conclusion beyond the commonplace that, in face of the vastness of nature, artists can be little more than anecdotal. Yet, the inclusion of the Kerchache collection of tropical insects does at least propose that there is no line between art and nature. It is a view that the French anthropologist Claude Levi-Strauss would endorse. "A bird, a beetle, a butterfly," he once said, "call for the same rapt contemplation that we reserve for a Tintoretto or a Rembrandt."



Tim Hawkinson's tiny skeleton of a bird.

## ART

## Small Gems Left Behind as Market Sobers Up

By Souren Melikian  
International Herald Tribune

**L**ONDON — As the earthquake rumbles on in the world bourses, those involved in the art market as collectors, dealers or bankers anxiously look for signs of what the future holds.

There is little cause for concern in the upper strata. The art market enjoys an advantage that sets it apart from any other field of commercial activity — the finite nature of its supplies concerning the art of the past, even the recent past. However deep the world crisis may become, landscapes by Monet will not grow on trees.

The consequence is a rarity factor that can only intensify. As museums pull works out of the commercial circuit and as the number of participants in the art game keeps rising, the total of top-notch works available dwindles. The fundamental reasons that sent some Old Master pictures soaring to unheard-of prices in July remain unchanged by the crisis.

If a landscape painted by Jan Van Goyen in the 1630s climbed to a world record £1.26 million (\$2.07 million) at Sotheby's, it is because works of this kind — admirably composed and bathed in a delicate late afternoon light — no longer turn up.

This was truly a museum picture. It once belonged to the Philadelphia Museum of Art, which incomprehensibly sold it off at auction on Feb. 29, 1956. None of that has been modified by the recent fall of the Dow Jones.

Nor has the splendor of the £881,500 (\$1.4 million) Jan Van de Cappelle acquired by a European collector. The composition here, too, is unusual, the light remarkable. Its provenance from the Joseph Robinson collection, grandly displayed at the Royal Academy in 1958, continues to glorify it in the eyes of the cognoscenti.

In a lower price bracket, the re-

sults that induced a European collector to go for a rare still life by the Haarlem artist Flores van Dijck to the tune of £221,500 would be as cogent today as they were on July 9. Van Dijck is one of the earliest Dutch still life painters. With his contemporary Nicolaes Gillis, he was one of the first two masters who made food on a table a still life motif. This one, which shares common elements with another still life dated 1613, can be precisely placed in time. Those who are aware of the significance of such facts are highly informed people. Their level of sophistication and the time it has taken them to reach it, imply a dedication that guarantees continued fascination with their subject.

The risks are much greater concerning second- or third-rate works — which do not necessarily mean low-priced pictures. Hosts of mediocre landscapes by Monet, portraits of the red-faced Gabrielle by Renoir and spoofy Picassos by the master imitating his own style in schoolboyish fashion, have been selling for \$1 million or more.

On the other hand, in Old Masters, small gems can still be bought for relatively little money by those

who have the eyes to see them, and these should not be affected by the turmoil any more than the masterpieces with great names attached to them, because the rarity factor makes them as desirable now as they were then.

The same July 9 sale included, for example, an exquisite mountainous landscape that once belonged to Baron Heinrich Thysen-Bornemisza and was then called a Paul Brill.

It has since been demoted to the Gillis Peeters. In

July, the "Peeters" cost a mere £9,200. It is hard to imagine this picture selling for less.

Danger lurks where the rarity factor ceases to be at work. The first real test of the market at its lower end, which came on Thursday, gives some idea of the price adjustments



Works like Jan Van Goyen's "A Village on the Banks of a River" don't turn up often.

that may yet be required. The subject was "Oriental Ceramics and Works of Art" and the setting, Christie's South Kensington, the outlet of Christie's for lesser wares. There, the Oriental Department sales of objects ranging from Archaic bronzes to Japanese prints, deftly steered by the head of the department, Nader Rasti, have been one of Christie's unsung success stories. No one has been as clever in handling the most modest bronzes, pottery vessels, wood blocks and the rest in an atmosphere refreshingly free of pretension.

This week, the outlook was less rosy. Suddenly, the failure rate, usually very low, was up — leaving 151 items out of 378 unsold.

Looked at closely, however, this was not blind havoc. Among the obvious victims were objects sought after by Taiwan buyers until the beginning of the summer. A pale celadon jade cup of the 17th century would easily make it then to its £300 to £400 estimate instead of falling unsold at £190. Similarly, the Ming bronzes would have mostly sold instead of mostly failing, one or two finding a niche far below the estimate — a 17th century vase of the ga type inspired by 10th to 9th century B.C.

models and a low tripod incense burner of the 18th century were knocked down together at £110 (£129 with the sale charge), far below the £250 to £400 estimate. A Japanese spherical incense burner with a powerful openwork geometrical pattern resting on three toads would without doubt have sold close enough to its £500 to £700 estimate. Instead, it was bought in at £380. And yet Taiwan was not out of the game.

Japanese and Chinese ivories were briskly sought by London dealers and lacquer medicine boxes (*inros*) from 19th-century Japan similarly went to the London trade. Most tellingly, perhaps, two Japanese porcelain vases painted around 1900 in the gaudy colors that European taste demanded, sold well, thanks again to English dealers. One, signed with the mark Makuzu-gama Kozan-sei, decorated in very light relief with pink lotus sprays on a green ground, displays immense technical skill. It made £3,450. This is 25 percent under the low estimate, set at £4,000, betraying ambitions that were a bit wild.

The market, it would appear, is still alive but might be sobering up. If it stops there, no one would be sorry for a correction that was urgently needed.

## ARTS

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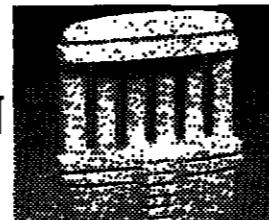
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## NYSE

## Friday's 4 P.M. Close

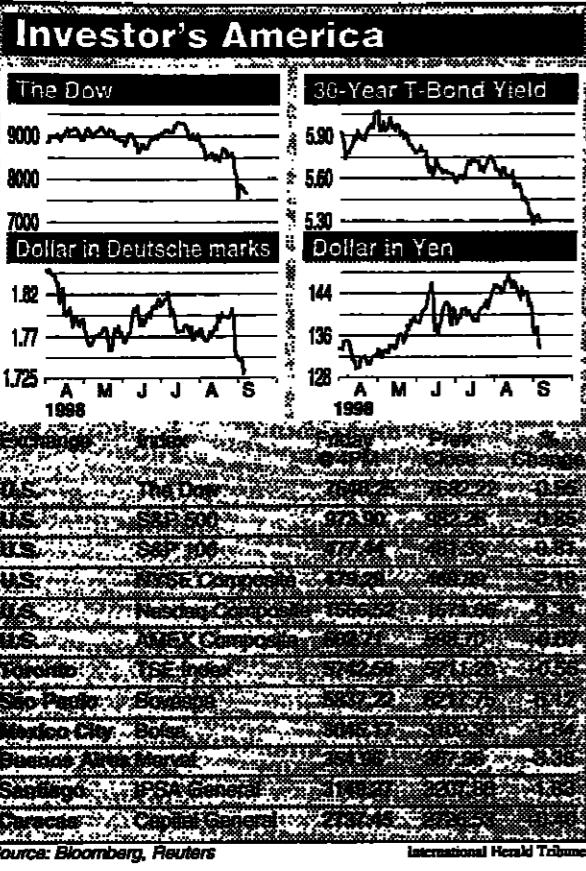
The 2,400 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
The Associated Press

12 Month  
High Low Stock Div Yld PE 1000 High LowLast Chg

Symbol	Name	High	Low	Stock	Div Yld	PE	1000 High	Low	Last Chg
ABE	ABE	12.4	12.0	254	2.52	220	286	220	+1.00
ABM	ABM INC	24.7	24.0	461	2.25	215	276	215	+1.00
ABX	ABX INC	11.5	11.0	112	0.00	125	125	11.0	+0.00
ACAN	ACAN	7.5	7.0	178	0.00	125	8.5	7.0	+0.00
ACAS	ACAS	16.2	15.5	354	0.00	125	16.2	15.5	+0.00
ACB	ACB	12.5	12.0	197	0.00	125	12.5	12.0	+0.00
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## THE AMERICAS



Source: Bloomberg, Reuters

## Wall Street Bear: Will It Bite Into Big Apple?

By Josh Getlin  
Los Angeles Times Service

**NEW YORK** — For the last five years, New York has profited from the market boom as has no other American city. But now the party might be ending, and market players who thought nothing of paying \$2,325 for a magnum of Haut Brion at lunch are having second thoughts.

While the market turbulence has alarmed millions, the anxiety is particularly felt here, at the epicenter of the nation's markets.

New York's chief fiscal officer recently warned about the city's overdependence on the investment industry, which pays millions in local taxes. Comptroller H. Carl McCullum noted that Wall Street, representing only 5 percent of New York City jobs, generated 56 percent of the city's total growth in earnings between 1992 and 1997.

His Aug. 13 report voiced concern over this imbalance, warning that it presents "considerable risks to the city's fiscal stability."

Not to mention the pocketsbooks of those New Yorkers who have profited handsomely from the bull market — before it headed down.

"Do I think that some people will now pay less for wine and cigars in fancy restaurants? Maybe," said the mega-developer Steven Witkoff, who insisted that the city is still a prime real estate market.

"Will they buy fewer Mercedes? Maybe."

his 1999 budget forecasts. And the city is squiring revenues away to cover future shortfalls. But that may not be enough, experts said.

"Without the support of Wall Street," said Sara Johnson, a Standard & Poor's Corp. economist who regularly surveys the city, "the underlying city economy is in a relatively weak position."

"Business costs are not competitive with other areas," she said, citing high tax burdens and also high unemployment, at 8.1 percent.

As the market generates record city income, there has been a tendency to ignore these underlying problems.

Yet they are the inescapable dark side of New York's prosperity. The market surge that increased the value of real estate and stock portfolios in Manhattan has largely eluded the city's other four boroughs, leaving a growing gap between super-rich and very poor.

All the while, New York continues to lose a large number of manufacturing jobs. Although other areas of the local economy are growing — such as communications, tourism and high-tech industries — they do not come close to providing the annual tax revenues generated by the financial sector.

## Judge Denies A Delay in Microsoft Suit

Compiled by Our Staff From Dispatches

**WASHINGTON** — A U.S. judge rejected on Friday a request by Microsoft Corp. to delay an antitrust lawsuit and ordered the software giant to turn over documents on its competitors, the Justice Department said.

The judge, Thomas Penfield Jackson of U.S. District Court here, also ordered Microsoft to turn over documents about contacts with Intel Corp. and Apple Computer Inc., the department reported.

The documents relate to alleged communication by Microsoft with Intel and Apple that, according to the department, illustrate an illegal, anti-competitive tendency by Microsoft.

The trial against Microsoft, filed jointly by the Justice Department and 20 states, is set to start Sept. 23.

On Thursday, the department accused Microsoft of trying to delay a suit that it cannot win.

Microsoft has been preparing a defense against charges that it illegally bundled its Internet browser with its Windows operating software and used exclusive agreements with Internet companies and computer makers to smother the market for a browser by Netscape Communications Corp.

Microsoft's legal strategy was buoyed by a federal appeals court ruling in June in a related case. That court found that Microsoft's bundling of its browser with Windows was a "genuine integration" because a single combined product offers benefits over separate ones. (AP, AP)

## Very briefly:

- Northwest Airlines Corp. announced the appointment of Mickey Foyt, the architect of its 1990s cost-cutting, as chief financial officer, returning to the post he held from September 1993 to June 1996 and replacing James Lawrence, who resigned to "pursue other opportunities."
- Mexico's credit rating was put under review for a potential downgrade by Moody's Investors Service Inc., which said the country could be exposed to further financial troubles worldwide, especially from Latin America.
- Canada's unemployment rate fell to 8.3 percent in August, its lowest level in eight years, as a surge in summer jobs for students offset a drop in manufacturing jobs, the government said.
- Kellogg Co. said it was evaluating the work of its headquarters staff and might dismiss an unspecified number of its 2,000 salaried workers in North America as part of the cost-cutting efforts.
- General Motors Corp. and the United Auto Workers said they had resolved issues at GM's Saturn car plant in Spring Hill, Tennessee, avoiding a strike that had been authorized.
- Hewlett-Packard Co. confirmed that Dick Watts, general manager of its computer sales and distribution group, had left to join ConvergeNet, a San Jose, California-based, maker of computer-storage products.

The Trib Index						
Prices as of 4:00 P.M. New York time.						
Jan. 1, 1992 = 100	Level	Change	% change	year to date	% change	Day
World Index	171.05	-0.45	-0.26	-0.62		
Regional Indexes						
Asia/Pacific	72.85	-0.44	-0.60	-24.17		
Europe	210.04	+1.34	+0.64	+8.81		
N. America	224.17	-2.57	-1.13	+3.79		
S. America	77.23	-4.04	-4.97	-49.41		
Industrial Indexes						
Capital goods	225.89	-2.93	-1.28	+9.35		
Consumer goods	214.71	-0.53	-0.26	+2.37		
Energy	165.20	+9.49	+5.40	-5.01		
Finance	114.58	-1.99	-1.71	-6.82		
Miscellaneous	131.28	+1.74	+1.34	-12.41		
Raw Materials	158.71	+0.63	+0.40	+5.10		
Service	186.34	-0.14	-0.08	+6.90		
Utilities	154.14	+2.80	+1.85	-7.83		

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 Internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

## Blue-Chips End Rough Week on a Downbeat

Compiled by Our Staff From Dispatches

**NEW YORK** — Stocks fell Friday, dragged down by banking shares on concerns about their exposure to emerging-market debt.

The Dow Jones industrial average closed 41.97 lower at 7,640.25, while the Standard & Poor's 500 index fell 8.36 points, to 973.90. Declining issues outnumbered advancing ones by a narrow margin on the New York Stock Exchange.

American Express led the blue-chip lower for the second straight

## U.S. STOCKS

day, falling 2% to 74%. The stock has fallen about 37 percent since hitting a high in mid-July. Citicorp fell 6% to 92% and Travelers Group lost 2 to 39%.

Investors are trying to determine the extent of loans banks have in the turbulent economies in Asia and Russia. They also are worried about a slowdown in capital markets and ultimately in the U.S. and global economy, analysts said.

"Investors are basically trying to figure out if we are heading into a world of more risk than we have already seen," said George Bicher, an analyst at BT Alex. Brown.

Fears of economic contagion caused a sell-off this week that left

the Dow with a loss of more than 3 percent on the year. Much of that money has gone into the safety of the U.S. Treasury bond market, driving yields to record lows.

The price of the benchmark 30-year issue rose 6/32 point Friday, to 103 5/32, sending the yield down to 5.29 percent from 5.30 percent Thursday. That is just above the record low yield of 5.26 percent.

"When people get nervous, they go to bonds," said Alan Day, a fund manager at Statewest Group.

Cambridge Technology Partners fell 7/25/2 to 27% in active trading after an analyst at Adams, Harwick & Hill downgraded his opinion of the company because of expectations for a drop in revenue. The company converts old computer systems to the personal computer

based networks.

Pfizer fell 4% to 95% after analysts warned that sales of its flagship Viagra drug could fall in the coming months.

American depositary receipts of Telebras, the Brazilian national phone company, fell 4/4 to 60% as Brazil's benchmark stock index, the Bovespa, dropped 6.13 percent.

(Bloomberg, Reuters, AP)

## Dollar Falls Against Yen on Stocks' Slump

Bloomberg News

**NEW YORK** — The dollar fell against the yen Friday, pulled down by weakness in U.S. stocks.

The pound slipped to \$1.6705 from \$1.6747.

Much of the dollar's weakness

## FOREIGN EXCHANGE

this week has come from investors selling dollars to compensate for losses in emerging markets, such as Russia and Latin America.

"We've seen wave after wave of forced liquidation," said Jamie Coleman, foreign-exchange analyst at Thompson Global Markets in Boston.

Most stock markets across Latin America also fell amid concern about a regional slowdown. Such a scenario could hurt growth in the United States because of the country's strong trade ties to the region.

Meanwhile, traders expected little news to emerge from meetings Friday between Japan's finance minister, Kiichi Miyazawa, and the U.S. Treasury secretary, Robert Rubin, in San Francisco.

The dollar got a boost from Hans Tietmeyer, president of the Bundesbank, who said its drop against the mark and yen was "technical" and did not reflect an underlying weakness of the U.S. economy.

## Cantor to Set Up Electronic Trades

Bloomberg News

**WASHINGTON** — Cantor Fitzgerald LP won approval Friday to set up the first computerized futures exchange in the United States, the latest step in a global shift to electronic networks from auction-based trading floors.

The Commodity Futures Trading Commission approval means that Cantor can start trading Tuesday in Treasury futures, the mainstay of the Chicago Board of Trade. Officials there said the exchange might sue to stop the venture.

## AMEX

**Friday's 4 P.M. Close**  
The 200 most traded stocks of the day, up to the closing on Friday.

The Associated Press

The International Herald Tribune

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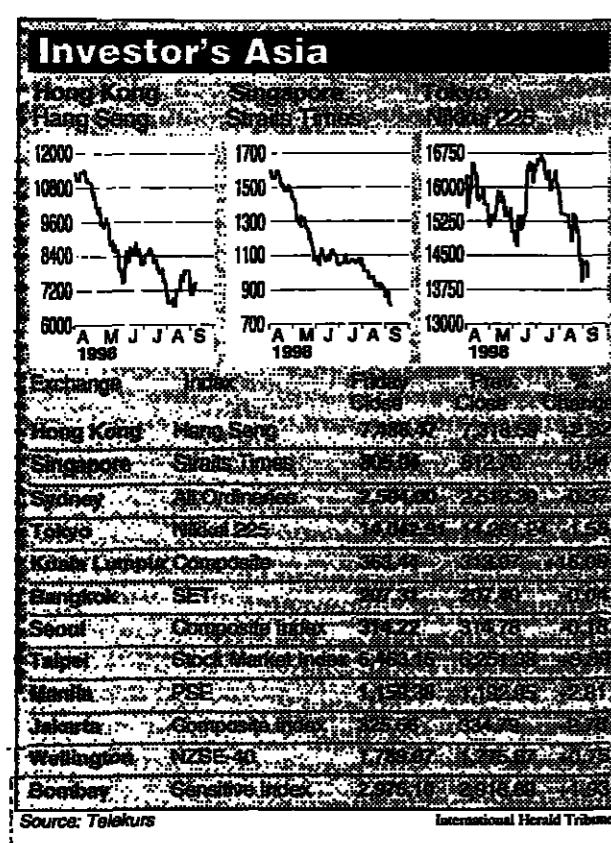
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## ASIA/PACIFIC



## Very briefly:

- Moody's Investors Service Inc. said it might downgrade the credit ratings of China and Hong Kong, citing Chinese export weakness and worries about Hong Kong's financial markets.
- Moody's Investors Service Inc. and Standard & Poor's Corp. warned they might downgrade their ratings for Nomura Securities Co., because of tough competition and Japan's economic slump.
- NEC Corp.'s headquarters were searched for evidence that the company was involved in overcharging Japan's Defense Agency for communications equipment.
- A Financial Supervisory Agency inspector involved in an audit of Fuji Bank Ltd. hanged himself at his home. Hitoshi Higuchi, 44, was the fourth current or former Japanese financial inspector to commit suicide this year.
- Rothschild Inc. proposed selling four units of Halla Group to foreign investors for 2.4 trillion won (\$1.79 billion), according to Korea Exchange Bank, one of Halla's biggest creditors. The four units are Mando Machinery Corp., Halla Heavy Industries Co., Halla Cement Manufacturing Co. and Halla Engineering & Construction Co.
- Orica Ltd., an Australian chemicals manufacturer, plans to sell its pharmaceutical business to Zeneca Group PLC of Britain for 328.5 million Australian dollars (\$188.7 million).
- CalEnergy Company Inc., seeking to protect a \$500 million investment in Indonesia, has filed an arbitration action with the United Nations against Indonesia and its power utility, PT Perusahaan Listrik Umum Negara, for allegedly ending payments to the company worth about \$4.5 million a month.
- Nissan Motor Co. will spin off its automatic transmission unit by next summer, and invite other domestic and foreign auto companies to invest in it.
- Standard & Poor's Corp. warned it might downgrade its ratings for Hitachi Ltd. after the company said it would post a 250 billion yen net loss this year.

Bloomberg, AFP

## Investors Press Malaysia for Clarification

Bloomberg News

**SINGAPORE** — Investors in Malaysia got a lesson in emerging-markets risk this week as the country put exchange controls on its currency, locking as much as \$9 billion in stocks into the country.

While it is not clear how the rules will be applied, proceeds from any asset sales in Malaysia now are to be kept in ringgit for at least a year. Managers of many dedicated country funds have suspended trading until they work out what to do.

"It was all incredibly woolly with just the announcement that they were imposing exchange controls," said Simon Powell, director of mutual fund sales at Baring Asset Management, which froze trading its \$10 million Malaysia-Singapore Fund on Thursday. "We're awaiting further details."

As of December 1996, foreigners held about 19 percent of the 720.7 billion ringgit (\$190 billion) in stocks on the main board of the Kuala Lumpur Stock Exchange. While those are the latest figures available, since then the capitalization has plunged to about 183.8 billion ringgit.

If foreigners held the same 19 percent share, they would have about \$9 billion in the market, though it may be less as many foreign fund managers have dumped shares.

Already individual investors are hearing warnings. The British Bankers' Association advised British investors Friday to settle all outstanding Malaysian ringgit transactions as quickly as possible, and by Wednesday at the latest.

Malaysian share prices rose 16.1 percent Friday on orchestrated institutional buying following the expulsion of Anwar Ibrahim, the former finance minister and deputy prime minister, from the governing party. Agence France-Presse reported.

[Dealers said that the gains were largely artificial and designed to subdue any impression of political instability.]

[The dealers said that prices continued to be supported by foreign investors who were unable to sell because of hitches in settlement procedures following the imposition of the new ringgit rules.]

[Some professional investors are trying to talk their way out of the changed situation.]

Mr. Powell said that Barings and other managers of dedicated country funds were discussing with Malaysian regulators if they qualify for an

exemption from the new rules. Officials from the central bank could not be reached for comment.

Until something is worked out, though, HSBC Asset Management, Fidelity International and Jardine Fleming Units Trusts have also suspended dealings in some of their Malaysian funds, the Financial Times reported.

"We're all in the same boat," Mr. Powell said.

Many fund managers say they are simply in limbo until the new rules — which were unveiled in different forms through the week by several government agencies and in a fiery speech by Prime Minister Mahathir bin Mohamad — become more clear.

Malaysia has banned conversion of ringgit in overseas accounts without permission and pegged the currency at 3.8 to the dollar. Foreigners will also have to hold ringgit proceeds of Malaysian share sales for at least a year, regardless of when those stocks were bought.

"At this stage we haven't got any further news on what do with our

holdings," said Stewart Aldcroft, marketing and sales director for Templeton Franklin Investment Services (Asia) Ltd. in Hong Kong. The company has more than \$230 billion in assets.

Malaysia is a "very small part" of its total funds, Mr. Aldcroft said, and with most of its funds holding about 20 percent in cash, redemptions are not a concern, he said.

The \$400 million Templeton Emerging Markets Fund has about 3 percent of its assets in Malaysia, while the Asian Growth Fund has about 10 percent of its \$40 million in assets.

## ■ Singapore Uncertain

The Singapore government is trying to clarify the status of its substantial Malaysian ringgit assets. Finance Minister Richard Hu said Friday, according to Agence France-Presse.

Mr. Hu told Parliament that most of the ringgit assets were held in Singapore banks. He gave no figures. Singapore's foreign reserves total about \$70 billion.

Singapore "is currently seeking clarification from Malaysian authorities on the status of our onshore ringgit deposits," Mr. Hu said.

Government Investment Corp., a state agency that invests part of the island's reserves, is "also discussing with local banks on ways in which ringgit deposits can be repaid to the government," he added.

"Whatever the outcome of these discussions, I can assure you that GIC will not suffer any capital loss on its ringgit holdings."

Singapore banks have scrambled to come up with guidelines on how to convert the ringgit assets and agreed on a rate of 4 to the dollar, compared to the fixed exchange rate of 3.8 set by Malaysia.

The total amount of the Malaysian currency overseas is estimated at 25 billion ringgit, much of it believed to be in Singapore.

There are no official figures on ringgit deposits in Singapore, but the Business Times daily paper said that retail accounts in Singapore could total 1 billion to 2 billion ringgit.

## Burma Jails Its Traders

Agence France-Presse

**BANGKOK** — Burma's military leaders have detained foreign-exchange dealers to try to stem a fall in the national currency, foreign diplomats in Rangoon said Friday.

Some 40 currency dealers were rounded up, the diplomats in Rangoon said.

The currency, the kyat, is at new lows. Analysts point to the economic difficulties besetting all of Asia, plus Burma's own political difficulties.

"I think some of it is the crisis and some of it is the political situation in Burma," one Western diplomat said. "They've occasionally done this before, and the traders have always been released without charge when things calmed down."

The kyat was trading at about 380 to the dollar on Rangoon's black market on Friday. The official rate, 6 kyat to the dollar, is almost totally ignored.

## Tokyo Takes Hard Look at Bank Nationalization

By Sheryl WuDunn  
New York Times Service

**TOKYO** — Japanese politicians are considering a trial step toward nationalizing troubled big banks.

The idea, one that might seem more at home in the old Communist bloc than in the world's second-largest capitalist economy, would be an odd and embarrassing step for the Japanese government to adopt.

But taking over one or more giant banks could avoid the risk of a large-scale bankruptcy that would rattle the nation's financial system. And while there are doubters, some analysts say that some form of nationalization may be the best way out of an increasingly difficult situation.

The test is likely to be played out with the Long-Term Credit Bank of Japan Ltd., which has been testing as Japanese political parties squabble over how to save it. Now there are signs that the parties may put their swords aside and work toward a solution, perhaps involving nationalization.

Thus, as Finance Minister Kiuchi Miyazawa boarded a plane Friday to head for talks with officials in the United States, he left the financial

system in less turmoil than it was a week ago and with greater hope.

If Tokyo can restore financial stability, specialists say, it can move toward repairing the broad economy — something that U.S. officials have been prodding the Japanese, less and less politely, to do for years.

Confidence has been shaken by the near-collapse of Long-Term Credit Bank, whose \$180 billion in assets makes it one of the country's largest. The government wants to inject taxpayers' money, so that the bank can be more readily absorbed in a rescue merger. But the opposition parties disagree and have demanded rigid criteria in exchange for the release of public funds.

The issue of what to do with the nation's biggest and weakest banks has become crucial, and it has helped drag down stock prices in recent weeks. But the idea of the government's stepping in to nationalize banks has become increasingly accepted, and expected, by investors.

"Many small banks and many major banks can no longer fund themselves in the market because people are too scared," said Akihiko Ogawa of Salomon Smith Barney Inc. in Tokyo. "The government has to take over that function. But the public will not stand for the government lending a ton of money unless the government manages it."

The government has already taken stakes in the largest banks, but the holdings are relatively tiny ones. Now, after dancing around the concept of nationalization, the governing Liberal Democratic Party and the opposition parties are expected to address the issue.

"Nationalization is one of the major pillars of our proposed bill," said Eisei Ito, who heads the policy research board of the Democratic Party, the largest opposition group.

"We do not think that many banks will be nationalized, but we are organizing the bill to accommodate the situation, just in case several banks collapse."

The opposition parties submitted their proposed bills for reviving the financial system to Parliament on Thursday.

Japanese officials fashioned their current plan from methods used in the United States to resolve the savings and loan crisis of the late 1980s and early '90s.

But now, some Japanese are beginning to say that perhaps the proposed

model is not the U.S. Resolution Trust Corp. and small bridge banks, which Washington used to help shutter insolvent savings and loans. Rather, they say that a better model may lie in the method used to deal with the collapse of Continental Illinois Bank & Trust Co. in 1984.

Although no specific deals between the opposing sides in this argument have yet been struck, politicians are widely backing a proposal allowing the Long-Term Credit Bank to be the model for nationalizing a big bank.

The bank would write off about \$5.5 billion in unrecovorable loans, depleting its capital by more than 80 percent. The government would then step in and buy newly issued shares to bring that amount of capital back up to its former level and then restructure the bank, selling what assets it could and trying to collect on the rest.

In the process, the government would bring in new managers, who would either liquidate the bank or revive it and then sell it to another bank. Such a process could be a great deal cheaper than cleaning up the financial debris from a big bank's collapse.

## Japanese Steel Companies Expect Losses

Compiled by Our Staff From Dispatches

**TOKYO** — Japan's five biggest steelmakers, led by Nippon Steel Corp., the world's largest, on Friday reversed their profit forecasts to losses for the year to March 31 because of plunging demand in Japan and the rest of Asia.

NKK Corp., Japan's second-largest steelmaker, expects to post the biggest group loss for the year, 93 billion yen (\$675 million).

That reverses its forecast of a profit of 6 billion yen.

The first round was aborted when four of the five — Daewoo Motor Co., Ford Motor Co., Hyundai Motor Co. and Samsung Motors Inc. — demanded write-offs of at least a part of Kia's debt, which is estimated at \$9.6 billion. General Motors Corp. pulled out earlier, citing strategic reasons.

The second-biggest loss, 61 billion yen, down from its previous outlook, which was 15 billion yen in net income.

Sumitomo Metal Industries Ltd. expects to lose 10 billion yen for the year, down from its earlier forecast of a 15 billion yen profit.

Kobe Steel Ltd., which said it would cut 1,000 jobs from its March-end total of 12,550, said it expected a group net loss of 12 billion yen, compared with its earlier profit forecast of 2 billion yen.

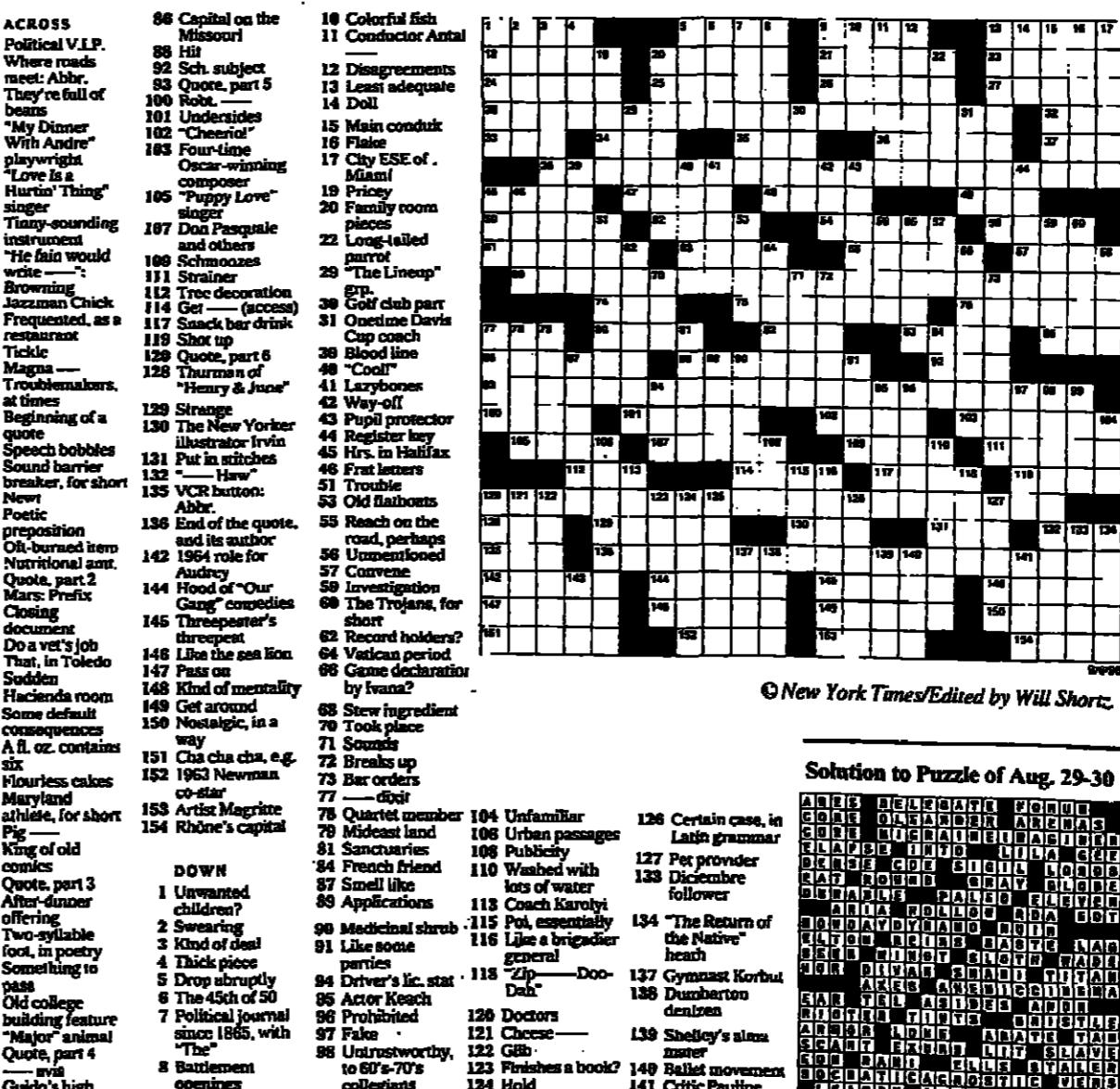
Kawasaki Steel Corp. reversed its 15 billion yen group profit forecast for the year, because it will post an extraordinary charge of 180 billion yen. That will be to help its Kawasaki Enterprises leasing unit write off bad loans.

The five companies expect to produce 4.4 million tons in the next fiscal year.

"If there's no significant improvement in exports to Asia, conditions will worsen in the second half," said Seiichi Yamada, a materials analyst at Dresdner Kleinwort Benson (Asia) Ltd.

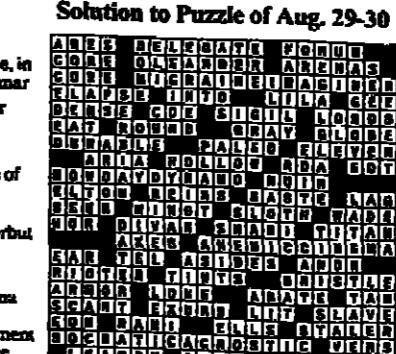
(Bloomberg, AFP)

## MORE THAN A JOB By Rich Norris



© New York Times/Edited by Will Shortz

## Solution to Puzzle of Aug. 29-30







**Friday's 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

**Friday's 4 P.M.**

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## MONEY

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## Average Global Revenue Exposure

Percentage of 1996 Total Revenues from:				
North America	Japan	Non-Japan Asia	Latin America	Europe
North America	2.3%			3.1%
Austria	0.0		0.5	
Belgium	0.3		1.7	
Denmark	5.0		1.7	
Finland	2.1		2.1	
France	1.5		5.7	
Germany	2.1		4.1	
Italy	0.6		8.9	
Netherlands	1.3		5.7	
Norway	2.7		1.9	
Spain	1.4		6.9	
Sweden	2.3		4.9	
Switzerland	4.7		6.1	
U.K.	2.5		3.4	
Europe	2.0		4.6	

Source: Morgan Stanley Dean Witter

International Herald Tribune

## For the Unexposed, Storms Across Asia Are a Breeze

Many Firms in U.S. and Europe at Little Risk

By Aline Sullivan

**G**LANCE AT ANY stock report these days and chances are that big swings in European and American share prices are attributed to news from Asia. The reports are mostly accurate: Investors have been buying and selling their home-grown stocks as Asia's economic prospects — and by extension, those of emerging markets around the world — brighten and dim. But is this right?

Maybe not. The real exposure of many Western companies to Asia is surprisingly small, according to recent data from Morgan Stanley Dean Witter & Co. In the United States, for instance, the companies in the Standard & Poor's 500 stock index on average obtain only 7 percent of their revenues from Asia, including Japan. That is little more than half their exposure to the far more robust markets of Europe.

"The psychology of it all is very strange," said Deborah Weinswig, the New York-based Morgan Stanley Dean Witter analyst who compiles and reports on the firm's proprietary database. "Look at the crazy swings in European stocks on Russian news when that whole country's market capitalization is about the size of one big Western European company. The reaction here and in Europe to Asia is even crazier."

Indeed, the S&P 500 companies covered by Morgan Stanley analysts have greater average exposure to Latin America than they do to Japan's ailing economy, which accounts for just 2.3 percent of their combined revenues.

Exposure to Japan is "negligible," or less than 1 percent, for eight of the 22 sectors covered, Morgan Stanley analysts found.

The U.S. manufacturing companies are among the most secure. Automobile and auto-part makers derived just 0.2 percent of their revenues from Japan and makers of building products 0.4 percent. At 3.1 percent, capital goods and machinery companies are more exposed, but that is still far less than the 4.7 percent of revenue derived from Latin America and the 23.8 percent and 61.3 percent from Europe and North America, respectively.

Most of these U.S. manufacturing companies count more on the rest of Asia for revenue than they do on Japan. But the numbers in that vast and diverse area are still low, compared with other

regions. For example, autos and auto-parts sales in Asia, outside Japan, account for just 1.9 percent of total revenues and sales of capital goods and machinery account for 7.1 percent.

In this relative bastion of security, the technology sector sticks out like a sore thumb. Six of the seven S&P technology companies covered by Morgan Stanley analysts derived more than 15 percent of their revenues from Japan in 1996. These were KLA-Tencor Corp., Applied Materials Inc., LSI Logic Corp., AMP Inc., Cisco Systems Inc. and Microsoft Corp. Not surprisingly, these companies have taken a hammering in the past two years.

The health-care and aerospace/defense industries are the only two others in the United States with significant — about 5 percent of revenues — exposure to Japan. The aerospace industry is also vulnerable to the rest of Asia, which accounts for 10.5 percent of its sales.

But the Morgan Stanley analysts said that for most aerospace and defense companies, Asia still offered the best long-term growth potential.

**E**UROPEAN companies are for the most part even more isolated from Asia's woes than their American counterparts. An astonishing 60 percent of the 350 European companies tracked in the report have no revenue exposure whatsoever to Japan.

Apart from the health-care companies, most of which have low double-digit exposure as a percentage of total revenues, few companies have much to lose if the Japanese economy deteriorates further.

The European companies' exposure to the rest of Asia is greater, but for the most part is still paltry compared with their exposure to the United States and to each other. All told, the European companies count on Asia outside Japan for 7.2 percent of their revenue and on North America for slightly more than twice that.

But investors who are fed up with the Asian-inspired roller-coaster of today's markets could consider the U.S. and European manufacturing companies with no business in any part of that region. Most of these concentrate on their home markets, but several, including Owens Corning, Masco Corp. and Parker-Hannifin Corp. in the United States and Swedish Match AB, Accor SA and Saint-Gobain SA in Europe, also have substantial exposure to other Western markets.

The price cuts for the lead frames

were smaller than the chips they contain because there are fewer lead-frame makers than chip makers and the barriers to entering the market — there are five major Japanese lead-frame manufacturers that control 70 percent of global sales — are high. Superior expertise is needed to design and produce

the necessary high-precision press metal molds that are required for mass production of lead frames, Mr. Izumi said.

Mitsui Hi-tec, which Mr. Izumi expects to post record earnings in the year ending January 1999, stands to benefit from the eventual expansion of the semiconductor market.

The company is diversifying into assembly operations and other kinds of chip packaging, notably ball-grid arrays.

Mitsui Hi-tec's recent move allows it to hedge against the risk that alternatives to lead frames may threaten its business, Mr. Izumi said.

Mr. Izumi is also upbeat on Ushio Inc., which has a good international reputation for making industrial lamps, such as those used in semiconductor

stampers, and office equipment, including photocopiers and laser printers.

Ushio commands 90 percent of the world market for the former and 60 percent for the latter. The company's

sales to the semiconductor industry account for 25 percent of total sales.

But investors need not worry about falling investment by chip makers leading to depressed demand for Ushio's lamps, because the bulk of the demand is replacement-based, Mr. Izumi said.

He predicted growth in demand for lamps used in such non-semiconductor fields as optical disks, so that the year ending March 1999 for Ushio will see "another round of firm sales growth."

For a future earnings contributor, solid semiconductor lasers, of which the sample shipments just began, is expected to add about 20 billion yen in annual revenue to a company that currently turns over 67 billion yen, Mr. Izumi said.

Mr. Izumi said he also would watch

Mitsumi Electric Co., which makes analog semiconductor that are used in portable computers, cellular phones and digital audiovisual equipment.

He said the price of Mitsumi's shares, which have risen about 25 percent this summer, did not fully reflect the high margins and firm demand for these chips.

Meanwhile, Richard Whittall, senior portfolio manager for Jardine Fleming Investment Trust & Advisory Co. in Tokyo, is enthralled by an unusual company based in Kyoto, Nidec Corp.

The company is a parts manufacturer that has a 70 percent global market share in

spindle motors, which turn hard-disk drives, and a 30 percent share in the

## As the Bear Starts to Grumble, Dividends Can Buy You Some Peace of Mind

**W**ITH THE BEAR growling, many investors want to know how to stay in stocks but limit their potential losses. So let's consult history.

Using data from Lipper Analytical Services, researchers at T. Rowe Price & Associates in Baltimore examined the performance of six American mutual-fund categories during the last seven bear markets.

Not surprisingly, they found that balanced funds, which own a roughly even mix of stocks and bonds, fell the least. But what about funds that primarily own stocks?

Equity-income funds were far and away the best performers, finishing close behind balanced funds. They were followed by growth-and-income funds, then growth, capital appreciation and small-caps.

An equity-income fund is one that reaches for reasonable dividends first and capital appreciation (stock-price increases) second. The fund may also own a smattering of bonds, but it focuses on dividend-paying stocks.

Over the seven bear markets, beginning in 1961-62, equity-income funds lost an average 17.6 percent (figures are for total returns, taking into account both price and dividends), compared with a 25.1 percent loss for the Standard & Poor's 500 Stock Index, 29.8 percent for capital-appreciation funds and 30.4 percent for small-stock funds.

Lately, finding stocks that pay decent dividends has been difficult, partly because companies have been using profits to buy in their own

shares or to invest internally, rather than sending the earnings out in checks to stockholders (burdening many of them with taxes), partly because interest rates are low, and partly because stock prices have zoomed so high that dividends look paltry in comparison.

Last week, the average stock in the Standard & Poor's 500 Index of large companies paid a mere 1.6 percent dividend yield, compared with an average of 4.9 percent for the period from 1974 to 1994, according to Jeremy Siegel's book, "Stocks for the Long Run." Even in the 1980s, the S&P was yielding 3.9 percent.

The Dow today yields a bit more than the S&P — 1.9 percent — but that is close to a record low.

Yet even a small dividend can be valuable if you hold a stock for a long time. Consider a stock that costs \$50 and currently pays an annual dividend of \$1, a yield of just 2 percent. If that dividend rises at 10 percent a year, then at the end of 30 years the annual payout will be approximately \$8, for a yearly yield, based on your original investment of 16 percent — and rising. You do not get rising yields from bonds.

Not too long ago, a reasonable dividend on an American stock was 5 or 6 percent. Today, it is hard to find stocks that pay more than 3 percent. One example is Mobil Corp., which is the largest holding of one of my favorite dividend-oriented funds, T. Rowe Price Dividend Growth. Mobil's "indicated yield" is 3.2 percent,

a figure derived by multiplying the latest quarterly cash payout by four and dividing the result by the current stock price.

The four other top holdings of the Price fund, which its manager, William Stromberg, said searches for stocks "that have a significant dividend and are likely to raise it," are (in order): Exel Ltd., a Bermuda-based insurer to businesses, with a yield of 2.4 percent; Philip Morris Cos., 4.2 percent; SBC Communications Inc., which owns the Southwestern Bell and Pacific Bell telephone companies, 2.6 percent; and Bristol-Myers Squibb Co., the pharmaceuticals and personal-care products maker, 1.5 percent.

Mr. Stromberg has been taking advantage of the market decline to buy some of his favorite companies at today's "reasonable prices." The most compelling is Tomkins PLC, a British-based maker of industrial and garden products. Tomkins' American depositary receipt has fallen nearly 35 percent since March and yields a lofty 7.9 percent, with a price-to-earnings ratio, based on expected profits for the year ending April 1999, of just 10, or about half the S&P average. (Remember, however, that unlike bonds, stocks do not carry guaranteed yields. If Tomkins hits hard times, it could cut or eliminate its dividend.)

But back to the security offered by dividend-

focused funds, especially equity-income funds. For a close-up, consider the nastiest of the bear markets: the 21-month rout that began on Dec. 31, 1972, and ended on Sept. 30, 1974.

During that time, capital-appreciation funds, which own stocks that pay little or no dividends, fell 52.2 percent. They took 44 months, according to the Price study, to recover their losses. But equity-income funds fell only 29.4 percent and took just nine months to recover.

Growth-and-income funds, which put less emphasis on dividends, dropped 40.3 percent and took 17 months to get back even.

Of course, there is a trade-off. In the seven bull markets since 1962, equity-income funds returned an average of 132.3 percent, compared with 156.0 percent for the S&P, 150.6 percent for capital-appreciation funds and 193.3 percent for small-cap funds. In the most recent bull market, from October 1990 through June 1998, equity-income funds returned 274.6 percent while the S&P returned 368.9 percent.

Still, a good dividend-oriented fund like Mr. Stromberg's can provide healthy bull-market returns. For the five years ending June 30, 1998, a highly bullish period, T. Rowe Price Dividend Growth returned an annual average of 20.6 percent, just two points below the S&P and three points ahead of the average growth fund.

Bull markets last far longer than the

equity-income funds. But up to 20 percent of your portfolio should be in stocks or funds that pay healthy dividends. Why do dividends count so much in bear markets? First, except in economic catastrophe, when companies suspend their payments, dividends provide a positive flow of income even if the prices of stocks are falling.

Second, dividend-paying stocks tend to be less volatile than capital-need companies that plow nearly all of their profits back into the business.

Third, high-yielding stocks are probably reasonable value stocks; that is, their prices may be more reasonable than high-fliers.

If the bear keeps snarling, dividend-paying stocks and funds will give you some solace. In his new "Bear Book," John Rothchild writes: "Owning stocks that pay dividends is like owning rental property instead of raw land. In a slow market for stocks, a dividend is rent. It's the only reward you'll get, perhaps for several years, while you wait for stocks to appreciate."

For further information:

• T. ROWE PRICE DIVIDEND GROWTH. Telephone 1 410 547 2308, or toll-free in the United States 1 800 636 5660.

• "The Bear Book" by John Rothchild, 288 pages, \$24.95. John Wiley & Sons Inc., Telephone 1 212 851 6000. Fax 1 212 550 4000. E-mail: [www.wiley.com](http://www.wiley.com)

• "STOCKS FOR THE LONG RUN" by Jeremy Siegel, 302 pages, \$29.95. Business McGraw-Hill, Telephone 1 212 537 5999. Web site: [www.mgihill.com/longrun](http://www.mgihill.com/longrun)

## JAMES K. GLASSMAN ON INVESTING

JP/14/98

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Russian Vulture to See Hunt in August

Sen. Hart on August

## THE MONEY REPORT

## Demand at Home Is Key in Africa and Mideast

By Barbara Wall

**P**AINS & CHEMICAL Industries Co., an Egyptian producer of phosphate-based fertilizers, is probably not the sort of company that would have excited international investors a couple of years ago. High tariff walls at home meant it could not compete efficiently internationally, and while growth opportunities in the domestic market appeared promising, there always seemed to be better investment bets elsewhere.

But sentiment has changed. Interest in Asia and Eastern Europe has shifted to Africa and the Middle East, and industries driven by domestic demand are getting the attention, according to emerging-markets analysts.

Tendai Musikavulu, an analyst with Old Mutual Asset Managers in London, said several factors make manufacturers in parts of the Middle East and Africa attractive to investors.

"In assessing the relative merits of each country, a distinction has to be made between Israel and the rest of the region," he said. Israel has moved away from leftist, Kibbutz-type industries toward high-tech companies that can compete effectively on the world stage. It is an exciting country to invest in, but everyone recognizes this and consequently valuations have been driven very high."

"In other parts of the region," he added, "manufacturing companies are

much more basic, usually one-product industries that are heavily reliant on domestic demand. When macroeconomic conditions are favorable, as they are at the moment, there is often a compelling argument for investing in these private-consumption plays."

There are at least two countries in the region, Egypt and Morocco, that Mr. Musikavulu said had the right macroeconomic conditions and sufficiently developed industrial sectors to appeal to international investors.

"Egypt and Morocco are experiencing steady and sustainable growth," he said. "The governments are committed to maintaining tight fiscal discipline and the emergence of an affluent middle class is driving consumer demand. Producers of white goods and foods and beverages should benefit from these developments."

Mohammed Abd-el-Hadi, an Egyptian analyst with Robert Fleming Securities Ltd. in London, agreed that the consumption growth story in Egypt was compelling. He added that he preferred privately managed ventures to partially state-owned enterprises.

"Although privately managed companies tend to be much smaller and less liquid than state-owned businesses, they generally provide a mixture of better growth prospects and strong management," he said.

Al-Ahram Beverages Co. tops Fleming's list of recommendations in the food-and-beverages sector, principally because of Egypt's relatively

large population of 61 million people, but also because of a series of announcements on alliances and agreements for the company.

The brewery this week said its profit for the year through June 30 rose 25 percent, reflecting new, high-margin products and nonalcoholic beverage sales. It has a global depositary receipt that trades in London and Frankfurt.

Egyptian Financial & Industrial Co., a producer of phosphate-based chemicals, is another stock recommended by Fleming. Its export markets were affected by the Asian crisis, but Fleming likes the company because it will be able to sell its production in the local market at a higher profit margin.

A Fleming source said Egyptian Financial & Industrial "has not been affected by imports of phosphate fertilizers due to its conservative pricing policy."

Other Egyptian consumption plays include Eastern Tobacco Co., which dominates the cigarette market in Egypt with more than 90 percent market share in the different cigarette categories, and Olympic Group Financial Investments Co., a holding company providing exposure to domestic-appliance makers.

Although Morocco is another genuine growth story with a fast-developing stock market, it does not have as diversified an industrial base as Egypt.

Philip Khouri, an emerging-markets analyst with Fleming, said he

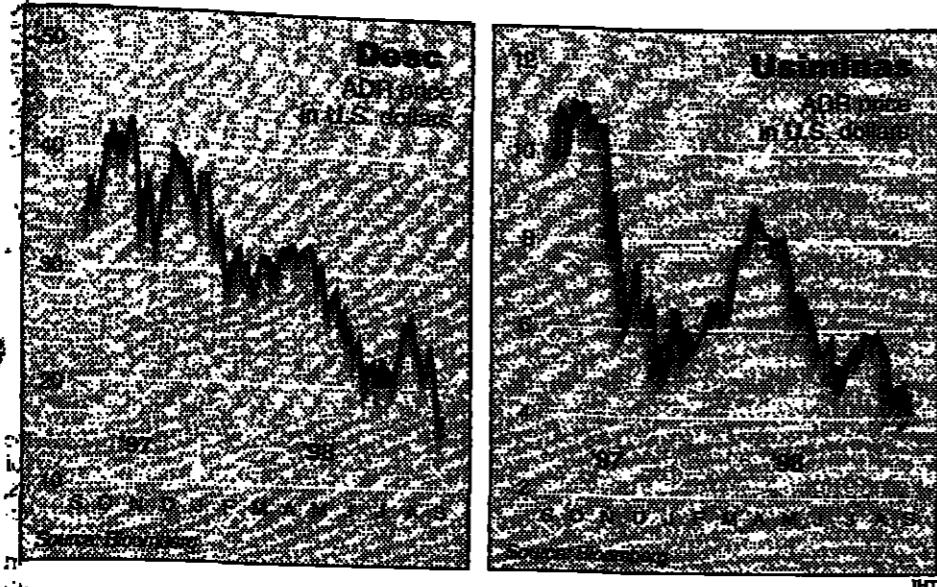
believed the situation would change, but until it does investors would have a fairly restricted choice.

The main industrial stocks on the Casablanca exchange are the country's four large cement makers, but there are also two blue-chip conglomerates: ONA SA, formerly called Ommium Nord

Afrique, and Societe Nationale d'Investissement SA. Both derive most of their income from industrial activities.

Mr. Khouri said Societe Nationale d'Investissement was a liquid vehicle that offered exposure to the cement, beverage and construction-materials sectors. He added that it was likely to maintain its current focus on building materials and food and beverages because per capita consumption was low by regional standards and was bound to rise strongly.

ONA, Morocco's largest company by market capitalization, does not have the same exposure to high-growth sectors of the economy. In 1997, international activities and mining contributed to 39 percent of net income. Less than 10 percent of earnings were derived from fast-growing manufacturing concerns.



## For the Bravest Bargain-Hunters, Brazil and Mexico Industrial Gems

By Judith Rehak

**I**T TAKES COURAGE to recommend a manufacturing stock in Latin America at the moment, and probably more than that to actually invest in one. Determined to hold down inflation and avoid abrupt currency devaluations as a result of Asia's economic problems, Latin America has taken another blow from Russia's political and financial turmoil. Unfair as that may be, company fundamentals and valuations have been ignored amid waves of selling.

But even in the best of times, finding a

publicly listed, well-rated manufacturing company is no simple task. To begin with, there are relatively few available: Only Brazil, Latin America's largest economy, has a

population big enough to support a substantial, home-grown manufacturing sector. Manufacturers in the region are often private companies or subsidiaries of multinationals.

Nevertheless, analysts who follow Latin America's manufacturers suggest that there are still opportunities at bargain prices.

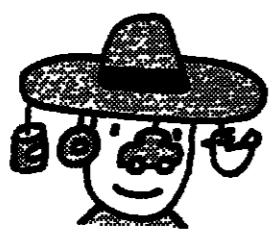
In Mexico, the dominant players are conglomerates, which typically make an eclectic array of products ranging from food to auto parts.

One such group, Desa SA, Mexico's fourth-largest industrial firm, is favored by Juan Carlos Mateos of Merrill Lynch & Co. in Mexico City.

Mr. Mateos believes that Desa is well-positioned to ride out the global storms for several reasons. As a major supplier of auto parts to the three major U.S. automakers, more than 50 percent of its revenues are in dollars or are dollar-linked, while costs like labor and electricity are in pesos. Its food business, including canned goods and poultry, is benefiting from rising consumption in Mexico, where workers are receiving wage increases as high as 27 percent, the first since the country's peso devaluation in late 1994. Desa dabbles in real estate, another recovering sector, and its chemical business, once a drag on profits, is now operating with 14 percent margins, Mr. Mateos said.

But Desa's American depository receipts hovered near a 52-week low of \$15 on Friday, despite second-quarter operating profits that beat estimates by 16 percent. Mr. Mateos said Desa was attractively valued, adding that he did not fear a possible slump in auto production.

"Companies like General Motors and Ford are focused on the best, lowest-cost alternative, and



that is Mexico," he said. "If auto sales slow, they will focus even more on holding down costs."

In Brazil, Latin America's largest steelmaker, Usinas Siderurgicas de Minas Gerais SA, has garnered buy recommendations from several analysts. Usiminas makes a variety of products, including premolded auto parts, construction materials and pipe steel for the natural-gas industry. Defying predictions of a regional slowdown, domestic and regional demand has remained robust. In sharp contrast to the global steel market, where demand and prices have slumped, Usiminas has been able to command rising prices for its products at home, said Mauricio Revesco, an analyst at Salomon Brothers Inc. It exports only about 15 percent of its output.

Mr. Revesco also likes Usiminas' management strategy. For example, he noted that when its auto-parts business slowed, it compensated in part by investing some of its cash hoard in short-term government securities yielding a handsome 35 percent. Another point in the steelmaker's favor is its 17 percent dividend. The company, which has an American depository receipt that trades over the counter, will pay out 53.8 percent of its net income this year.

Embraer Bras de Aeronautica, one of the most interesting Brazilian companies, is, for now, accessible only to big institutional investors. Still, investors should keep an eye on the company, which is Latin America's only aircraft maker and is widely known as Embraer. After eight years of losses, Embraer just announced first-half profits of \$40.4 million, signaling its first profitable full-year.

Once government-run, the company has been slashing payrolls and costs since its privatization in 1994. But the source of its profitability is its new 37-seat and 50-seat jets, targeted at the lucrative and rapidly growing regional airline sector, said David Wheeler, who follows Embraer for Bear Stearns & Co.

The company has amassed a \$3 billion backlog of orders from carriers such as Continental Airlines in the United States, which ordered 25 planes and took options for another 25. Moreover, 90 percent of its sales are in dollars and it imports nearly two-thirds of its aircraft parts, which are also priced in dollars, a natural hedge against currency fluctuations.

"It's a hedge against Asia because it has no business there, and the stock is very cheap," Mr. Wheeler said, adding that he expected the share price to double by the end of next year.

Unfortunately, for all but wealthy private investors and institutions, buying companies listed only in Brazil is not easy, according to a broker familiar with the situation. Compared with Argentina and Mexico, Brazil's securities regulators have fairly tight rules. Even an institution must buy through a special account, usually with a major bank.

By Peter S. Green

**C**OMMUNISM'S central planners were so afraid of the capitalist world's economic might that they replicated within their own small universe an array of manufacturing capacities, often rigidly assigning manufacturing tasks to each satellite country.

Bulgaria turned out computers. Belarus made refrigerators. Czechoslovakia produced trams and pump motors. Poland manufactured wire cable and Hungary built buses.

Since 1990, many of these manufacturers, especially in the former Soviet Union, have wilted in the relentless heat of free-market competition, killed by poor product quality, collapsing markets, lack of investment and incompetent managers.

But others, particularly in Central Europe, have found new life, either in their traditional markets or as manufacturing havens for Western European companies attracted by cheap, skilled labor, proximity to their markets and lax rules on working conditions and the environment.

Many of the manufacturers have been acquired outright by Western interests, but a

few remain as potential investments.

Investors worried by Russia's woes should not be unduly concerned about them spreading to Central and Eastern Europe: Central Europe's trade flows with Russia are minuscule, apart from energy imports.

Profit-taking to cover losses in Russia and a general aversion to emerging markets have sent the regional bourses plummeting to record lows in the past two weeks, but within five years, five of the countries — the Czech Republic, Estonia, Hungary, Poland and Slovenia — are likely to be full members of the world's most prosperous trading bloc, the European Union.

Sarah Pohlinger, senior manager of Societe Generale's Central and East European Opportunities Fund and the SoCielux Eastern Europe Fund, said she was "fairly low rated" in manufacturing, although one stock she has held is the Czech heavy manufacturer CKD Praha Holding a.s., which makes trams and subway cars.

CKD rose this year after managers, backed by institutional investors, restructured the company's finances, shut unprofitable divisions and

sold unused real estate. But its price was savaged in the general sell-off after the Russian crisis. The stock, which closed as high as 1,380 koruna (\$43) in March, was trading at 466.5 on Friday.

Daniel Butler, with the Czech-based Atlantik Financial Markets in Kiev, said Ukraine could be attractive for venture investors, despite its shrinking economy.

"The market was already down to very low levels before the Russian crisis, so it won't be affected," Mr. Butler said. "It might be a long-haul investment, but it's a cheap one. The negative is that the governing forces, mainly the leftist Parliament, seem to be doing everything possible to thwart privatization."

Mr. Butler has two favorites in Ukraine: Cheksil, a textile maker whose wares show up on the shelves of Kmart stores in the United States, and Khartsyzsky Trubnij Zavod, a steel-pipe maker whose products compete with higher priced German exports for the business of Russia's energy giants.

He warned that investors in Ukraine must be prepared for odd developments. When the tiremaker Dniproshyna decided to declare a dividend, it only had enough cash to pay its main shareholder: the government. The other shareholders were paid in the one

abundance: unsold tires.

At Expanda Finance in Prague, the chief researcher, Aaron Frank, said he likes another Ukrainian tire maker, Rosava, whose price is down 70 percent this year. Fundamentally, he said, the company looks reasonable but its market has collapsed.

Direct investors might want to look at Bulgaria and Romania, where cash-strapped governments are trying to overcome privatization inertia by offering factories for a nominal sum — sometimes as low as \$1 — to investors who pledge to maintain production for two years, limit job cuts and assume debts and environmental liabilities.

Christopher Smart, an Eastern European fund manager at Pioneer Group Inc. in Boston,

said he sticks to countries poised to enter the EU, particularly in light of Russia's turmoil.

The prospect of joining the European Union keeps a lot of these countries honest, keeps them focused on a balanced budget, stable currencies and liberal markets," he said.

He likes Amica Wronki, a Polish refrigerator maker that has kept foreign competition at bay, and could profit from a growing domestic consumer class. Raba R.t., a Hungarian maker of automotive axles, is another stock that interests him. But Mr. Smart worries about the firm's long-term attractiveness as it expands into world markets and as Hungary moves closer to EU wage and cost levels.

## Betting on Eastern Europe's Manufacturing Survivors

By Peter S. Green

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## WORLD ROUNDUP

### Novotna and Seles Easy Winners

They Advance Into the 4th Round While Henman Beats Mantilla

#### Real Warns UEFA

**SOCCER** Lorenzo Sanz, Real Madrid's president, said Friday that UEFA, European soccer's governing body, would regret rejecting the club's appeal against a one-match home ban in the European Cup.

The ban was imposed following last season's semifinal against Borussia Dortmund in Madrid, when the club took more than an hour to replace a goal knocked over by its fans. The ban means Real, the holder, must play its Champions League game against Inter Milan away from its Bernabeu Stadium.

Sanz has been involved in talks on a possible European Super League independent of UEFA.

"UEFA are going to regret this decision for a long time," he said. "In a few months they will realize what they've done. I have the feeling that the cost of this decision could be high." (Reuters)

• Thailand and Indonesia, which tried to lose to each other in a Tiger Cup match Monday to avoid playing Vietnam, were each fined \$40,000 Friday. (Reuters)

#### Faldo Misses the Cut

**FOOTBALL** Nick Faldo missed his first European Tour cut in four and a half years Friday, though he shot 70 in the European Masters at Crans-Sur-Sierre in Switzerland on Friday for a two-round 141, one under par. Patrik Sjoland shot a five-under-par second 66 for a total of 131 to take the halfway lead. (Reuters)

#### Giants Sign Kanell Again

**FOOTBALL** The New York Giants signed quarterback Danny Kanell to a two-year contract extension, reportedly worth \$10 million. Kanell was to be paid the league minimum of \$216,000 in the final year of his original three-year contract.

• Pro Bowl running back Dorsey Levens signed a five-year contract with the Green Bay Packers for a reported \$25 million. (AP)

#### Hokies Blank Tigers

**COLLEGE FOOTBALL** Quarterback Aaron Brooks threw a six-yard touchdown pass and set up two field goals with passes as The University of Virginia, ranked No. 19, beat No. 25 Auburn, 19-0, on Thursday. Auburn totaled just 179 yards of offense, only 18 rushing.

Keith Smith, a replacement quarterback, completed 17 of 22 passes for 218 yards and two touchdowns as No. 24 Arizona beat Hawaii, 27-6, in Honolulu. (AP)

**THE ASSOCIATED PRESS**

**NEW YORK** — Wimbledon champion Jana Novotna and sixth-seeded Monica Seles moved into familiar territory Friday, capturing straight-set victories to advance to the fourth round of the U.S. Open.

Novotna, seeded third and seeking her second straight Grand Slam tournament title, defeated Sandrine Testud of France 6-2, 6-3.

Seles, who has won twice at the National Tennis Center, but not since 1992, pounded her way past Annie Miller of the United States, 6-3, 6-3.

"I've been able to turn my game up a couple of notches to win," Seles said.

In another early women's singles match, Nathalie Dechy of France defeated Gala Leon Garcia of Spain 6-4, 6-4. Dechy will next play the winner of a later third-round match, pitting top-seed Martina Hingis, the defending champion, against Amelie Mauresmo of France.

• Tim Henman, the men's No. 13 seed, beat Felix Mantilla of Spain, 6-3, 5-7, 5-6.

**IN THURSDAY'S LATE MATCHES, THE NEW YORK TIMES REPORTED:**

Just when it seemed that this 1998 U.S. Open was going to parcel out the drama in tiny doses, Pete Sampras and Andre Agassi received simultaneous scares. A pair of unimimidating but intriguing challengers summoned the audacity to make the former Open champions stumble before they had

even reached the third round.

Sampras, the four-time Open champion who can tie Roy Emerson's career record of 12 Grand Slams by staying on track for a fifth U.S. Open title, was menaced by Paul Goldstein of Stanford University, a 256th-ranked wild card whose main tour experience consists of a single victory in the first round here, courtesy of an opponent's default.

Sampras, his racquet flinging like a fly swatter, his shots straying like buckshot and a grimace of disgust on his face, played like a pretender before settling down to business with a 7-6 (7-4), 2-6, 6-3, 6-3 victory.

"It was just one of those days where I wasn't playing that great, just had to try

#### U.S. OPEN

and find a way to get through it, and I did," said Sampras, who was not offended by the challenger-friendly hooting and hollering that emanated from the packed gallery.

"It really wasn't any big deal," Sampras said. "You just have to shut it out. It wasn't like they were rooting against me, they were just pulling for him."

Goldstein admitted it had been his hope to keep things competitive and keep Sampras engaged "for at least an hour" in Louis Armstrong Stadium, the court where Sampras won all four of his Open titles.

Instead, helped along by 24 unforced

errors in the first set by the top-seeded player and 19 more in the second, Goldstein prolonged Sampras' discomfort for 2 hours and 8 minutes.

Agassi's distress lasted even longer. After drawing an interesting second-round opponent in Guillaume Raoux, who warmed up for this Open by knocking the defending champion, Patrick Rafter, off his pedestal two weeks ago in New Haven, Connecticut, Agassi proceeded to joust with him for 2 hours and 56 minutes.

But things heated up once Raoux caught Agassi napping and sent the match into a fifth set, with Agassi winning, 6-3, 6-2, 6-7 (6-8), 3-6, 6-1.

"I was really frustrated with myself for letting it get to the fourth set," Agassi said. "I was careless tennis, and you can't afford to have that happen or you're going to be in the fifth. I think it certainly was a wake-up call to some for me to be up two sets and not to come in out."

#### ■ Loser Misses Swiss Flight

Marc Rosset, the top Swiss male player, was scheduled to return to Geneva on the ill-fated Flight 111 on Wednesday night after losing in the first round. Instead, he stayed an extra day to practice with players still in the tournament.

The Associated Press reported.

"It was a strange feeling when you know you just realize that just changing your mind you are still alive," he said. "I think I am a little afraid, when you realize you were close to dying."



Jana Novotna of the Czech Republic reaching for a return Friday at the U.S. Open. Novotna defeated Sandrine Testud of France, 6-2, 6-3.

### Back to Work (Already) for National Teams in Euro 2000 Play

By Rob Hughes  
International Herald Tribune

**L**ONDON — If there was time to breathe for Europe's soccer soldiers this summer, I missed it. So, probably did they. The World Cup Champs have hardly dried before France's finest are obliged to replace their Legion of Honor medals with beads of sweat in Reykjavik on Saturday as they begin efforts to add the European title to the World Cup.

Icelanders await. Only 10,000, because that is capacity of the stadium, but the reception will be nothing like that which the French team received from the estimated million French folk who swirled around the Champs-Elysees barely two months ago.

The new French challenge, under a new coach, Roger Lemerre, starts with the first competitive match that *Les Bleus* have faced on foreign soil since the last European championship in England more than two years ago. There are 22 countries in action this weekend, as qualifying for Euro 2000 gathers pace.

The matches include an intriguing trip for England, whose players and coach are too busy telling tales in books to find harmony. England tackles Sweden in Stockholm, where it has not won in 61 years.

Italy, meanwhile, begins a *rivaltazone*, according to Italian report, under Dino Zoff. This once-redoubtable

#### EUROPEAN SOCCER

goalie takes the Azzurri to Anfield Stadium where Wales, the opponent, is borrowing the home of Liverpool of England because a new national stadium is being built in Cardiff.

Then there is Spain. Coach Javier Clemente, ridiculed and caricatured since his World Cup squad nosedived, may relish starting over with his team in Cyprus — a new competition and a chance of redemption begun far from the maddening home crowd.

More curious still will be the contest in Kiev on Saturday. There, before the biggest crowd of the day, Ukraine meets Russia. Or maybe Ukraine meets old

Ukraine. Anatoli Byshovets, starting his second period as the national coach for Russia, takes his players to Kiev where he, as a center forward and a Ukrainian, made his name.

Moreover, Byshovets has reselected Andrei Kanchelskis, among the swiftest wingers in the game. Ukrainians know him well, for Kanchelskis is one of them.

The Soviet empire gave them the choice of playing for Ukraine or for Russia. The homecoming of the comrades could be a mix uncomfortable, the lines between winning and losing and national honor a little confused.

But back to Reykjavik. Doubtless it will be colder there than in the Stade de France in high summer, cold reality to a French side that won the World Cup without possessing a true center forward.

The solid defense, the fine approach work were often wasted by afflicting impotence long before 1998. It took inspired scoring displays, by Lilian Thuram, a defender, and Zinedine Zidane, a midfielder, doing the forwards

job for them, to win the historic prize.

Aime Jacquet was a sound and a lucky coach. Lemerre, his deputy, continues the search, inviting Lilian Thuram, the Bordeaux forward, and perhaps Christophe Dugarry to try to cure the finishing malaise. It will be

time to Sept. 27.

Italy was one of France's victims in the World Cup. It lost on penalty kicks in a match in which neither team scored. For that, away with Cesare Maldini, who must be too old if his players couldn't score, and in with Zoff, whose qualities of grave honesty, unflappable resilience and undivided loyalty endured through 112 national team games, including the 1982 World Cup triumph.

Zoff saw the sterility of Italy in July. It lay not in attack, where Christian Vieri provided the athletic strength and either Roberto Baggio or Alessandro Del Piero worked ingeniously off him.

Rather it was midfield, from which Zoff drops Roberto di Matteo, Angelo di Lilio, Francesco Moriero and, at least to the subs' bench, Demetrio Albertini. Instead, Zoff pairs two men of Parma,

Dino Baggio and Diego Fuser, together with two AS Roma players, Eusebio Di Francesco on the left and Luigi di Biagio, the thrusting young lion of the center.

Zoff bids *arrivederci* to Gianluca Pagliuca to restore the Juventus keeper, Angelo Peruzzi. Without the injured Paolo Maldini, the coach brings in Michele Serena at left back. He pairs Fabio Cannavaro with Mark Julian at center back and possibly trusts Moreno Tofficelli at right back.

That may be Wales's best opportunity. For Wales has Ryan Giggs, a player so fast and so good it is one of the sadnesses of soccer that he rarely has a supporting cast, at national level, fit for his talents. The player's Zoff casts aside would be stars for a small country like Wales.

Meanwhile Wales's larger neighbor is not short on self-esteem. "Our next objective," declares the English FA, "is to win Euro 2000."

Rob Hughes is chief sports writer for The Times of London

#### TRANSITIONS

##### BASKETBALL

##### NATIONAL BASKETBALL ASSOCIATION

LA LAKERS — Signed Jerry West, executive vice president, in a four-year contract extension through 2002-2003 season.

##### SENIOR BASKETBALL

DETROIT — Signed Jeff Jones, general manager, Jeff Jones, executive vice president, in a four-year contract extension through 2002-2003 season.

##### NATIONAL FOOTBALL LEAGUE

BOSTON — Signed RHP Dickey Lewis from Boston Red Sox.

##### DETROIT — Bought contract of RHP Mariano Duncan from Toledo, OH.

DETROIT — Signed Jeff Jones, executive vice president, in a four-year contract extension through 2002-2003 season.

##### INDIANAPOLIS — Bought contract of RHP Jeff Jones from Toledo, OH.

INDIANAPOLIS — Signed WR Mike Haynes from Toledo, OH.

##### NEW ORLEANS — Bought WR Mike Haynes from Toledo, OH.

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##### ATLANTA — Signed WR Mike Haynes from Toledo, OH.

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## SPORTS

## Putting 'College' Back Into Football

By Ian Thomsen  
*International Herald Tribune*

**BOSTON** — For millions of Americans, Saturday is an anniversary. By implication, it's a year further removed from our youth. At the same time it gives us something to cheer for. It's the opening Saturday of the college football season.

The top player this year seems to be a junior linebacker at Ohio State University.

### IN AMERICA

Andy Katzenmoyer, who openly admits that he has no interest in schoolwork. He is merely declaring the semi-ments of hundreds of other players and coaches at the highest, lucrative, televised level — that college football is all about winning football games and has little to do with attending college.

Someday, maybe, the presidents of the top football universities will be forced to admit that football exists at their schools to make money, academics be damned. At the moment, those football programs are grossing hundreds of millions of dollars, while denying income to players on the grounds that it would diminish the values of the sport.

The truth is that college football can survive just about anything. It thrives not in the stardom of Katzenmoyer, but in the best fans that U.S. sport can produce.

Dick Regan is the perfect example. His grandfather went to the College of the Holy Cross in Worcester, Massachusetts, about an hour west of Boston. Regan's father went to Holy Cross. Regan himself wound up enrolling at Holy Cross.

"I grew up my whole life following Holy Cross," he said this week from the office in which a fantasy has come true — for he is the new athletic director at Holy Cross.

"Even when we were living in Indiana and Philadelphia, as a kid, I'd look in the papers to see how they did each Saturday," he said. "I wore the Holy Cross T-shirt,

the whole thing. I was always going to go to Holy Cross."

He graduated in 1976 with a degree in economics. One thing led to another and he went to work in the front office of the New England Patriots. Another thing led to something else and for six and a half years he was in London, working for NFL Europe, trying to colonize the Old World with American football.

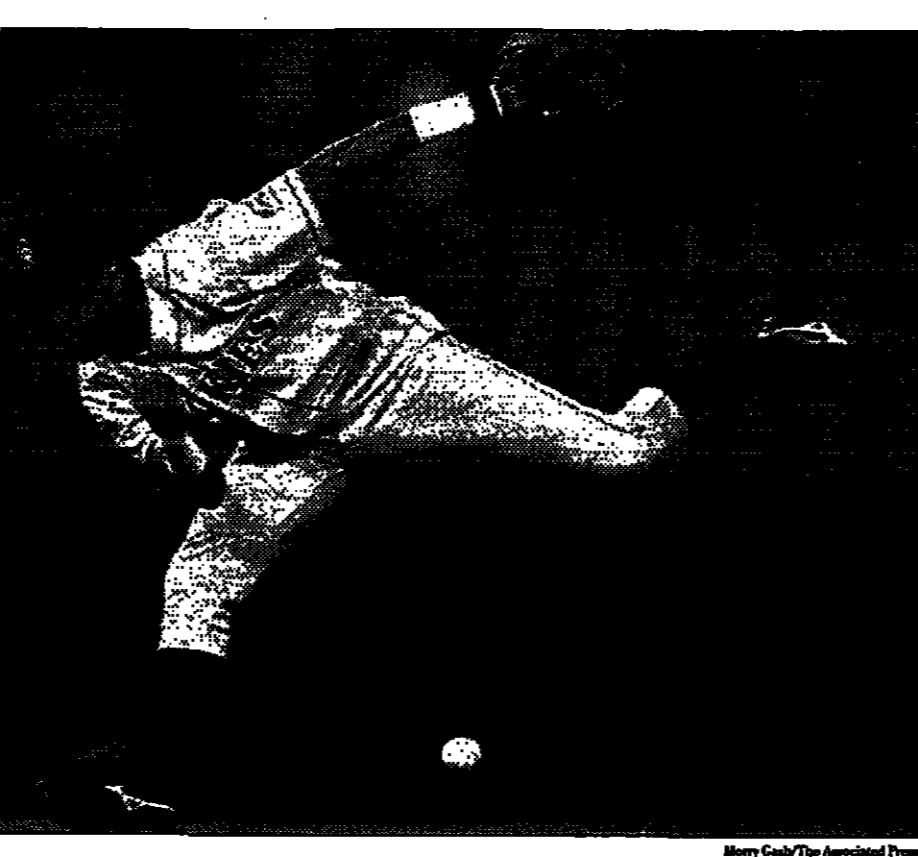
"I'm not sure there's a great difference between the following of the soccer clubs in England and the following of college sports in America," he said.

Holy Cross used to be a power. On Nov. 28, 1942, the Holy Cross football team upset the nation's No. 1, Boston College, 55-12.

In the 1980s, when the biggest college football programs began demanding millions of dollars in TV revenue, Holy Cross had to make a decision. "There was no way a school our size, with our academic emphasis, was ever going to keep up with schools like Boston College and Notre Dame," Regan said. So Holy Cross downgraded. It no longer offers scholarships to its players.

"Our players play because they love the game," Regan said. "There is no other reason."

After singles by Sandy Alomar and Enrique Wilson, Lofton hit an opposite-field double



The Rockies' Neifi Perez failing to stop a hit by the Brewers' Mark Loretta.

## Indians Slip By Tigers, 2-1

The Associated Press

A double by Kenny Lofton drove in both Cleveland runs as the Indians and Detroit

Gooden won in Detroit.

The 2-1 victory Thursday night over the

Tigers was Gooden's fourth straight winning decision.

After singles by Sandy Alomar and Enrique

Wilson, Lofton hit an opposite-field double

11th with his fourth hit of the game as Toronto won its seventh straight.

In the first game of a four-game series, the Blue Jays beat Pedro Martinez and moved within half-game of overtaking Texas for second place in the AL wild-card race. A sweep in this series would move the Blue Jays into five games of the Red Sox, the AL wild-card leader.

In the National League:

Diamondbacks 4, Brewers 3 Brian Anderson pitched a three-hitter for his first career shutout as Arizona won in Pittsburgh to extend the longest winning streak in its brief history. The Diamondbacks finished off a three-game sweep of one-run games, holding the slumping Pirates to one run in the final two games and four in the series.

Arizona has long since abandoned any hope of finishing anywhere but last in the NL West, but the expansion Diamondbacks — winners of six in a row and eight of 11 — are the National League's hottest team.

The Diamondbacks (56-85) aren't playing for a pennant, but they could finish with one of the best records ever by an expansion club.

They've already won more games than the Mets, Padres, Expos and Blue Jays did during their inaugural seasons, and they are two victories ahead of Colorado's pace during the 1993 season, in which the Rockies won 67 games.

Brewers 7, Rockies 3 In Milwaukee, Brad Woodall homered and pitched six strong innings for the Brewers. And Dave Nilson hit a pair of two-run homers for the Brewers.

Twins 5, Devil Rays 4 Todd Walker doubled and scored on a single by Terry Steinbach in the 12th inning.

A season-low crowd of 7,072 at the Metrodome saw the Twins rally twice late in the game. Minnesota made it 3-3 with a run in the ninth, and Matt Lawton's two-out homer in the 10th tied it at 4.

Blue Jays 4, Red Sox 3 Shannon Stewart

drove in the winning run in the bottom of the

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DAVE BARRY

## Got Any Funny Money?

**M**IAMI — I received a press release from the U.S. Treasury Department. Naturally, my first move was to verify, via chemical analysis, that it was genuine. There has been a sharp increase in the number of counterfeit Treasury Department press releases, as an embarrassed CNN found out last month when it reported incorrectly that Federal Reserve Board Chairman Alan Greenspan does all the voices on the popular cartoon show "South Park." (In fact, he does only Kenny and Mr. Hankey.)

But this particular press release turned out to be authentic; it announced that, this fall, we'll be seeing a new, redesigned \$20 bill. This is part of an anti-counterfeiting program to redesign all of our old currency, which has become too easy to duplicate with modern color photocopiers — a fact that was made all too clear when the Xerox Corp., in its 1997 annual report, reported profits of "\$850 trillion, mostly in 50s." Why does counterfeit money represent a threat to the nation? And how can we, as consumers, be sure that we have spelled "counterfeit" correctly? To answer these questions, we need to understand exactly what money is, and what makes it valuable.

Back in ancient times, when people were much stupider than they are today, there was no such thing as money. People transacted business by trading actual, physical things. For example, if you sold a cow, the buyer would pay for it by giving you, say, 14 physical ducks. Even in those days, that was a lot of ducks to be carrying around, and the bank wouldn't let you deposit them because they fought with the chickens. Also the automatic teller machines were disgusting.

Finally, the ancient Egyptians got sick of this and invented the first unit of paper currency, called the "singleon." The way the Egyptians explained the concept to their trading partners was: "For your convenience, we're going to start paying you with these pieces of paper, which are valuable because they have a picture of Ulysses Grant." The trading partners were not crazy about this concept but they went along with it, because the Egyptians had also invented paper.

The basic principle remains the same: We trust money because our government stands behind it. A counterfeit \$20 bill is a worthless piece of paper backed by nothing; whereas a real \$20 bill, issued by the Treasury Department, has value, because any time you want, you can take it to Fort Knox, site of the federal gold bullion depository, and exchange it, no questions asked, for a duck. Try it! If they give you trouble, mention my name, Art Buchwald.

But the point is that, starting this fall, you're going to start seeing a drastically redesigned \$20 bill. Among the major changes are:

- To thwart photocopiers, instead of saying "Twenty Dollars," the new \$20 bills say "Fifteen Dollars."
- The Nike swoosh has been enlarged.
- The engraved portrait of Andrew Jackson has been given a new, up-to-date hairstyle, patterned, according to the Treasury Department press release, "after Barry Manilow." President Jackson also has been given a vivacious new facial expression that seems to say: "I am looking good, and I am READY TO PARTY with the engraved portraits on other currency denominations!"

On the back of the bill, in the engraving of the White House, on the far right-hand side, in the engraved shrubbery, is a tiny crouching engraving of Kenneth Starr. For verification purposes, the new bill is impregnated with plutonium particles that emit a distinctive pattern of atomic radiation. This poses absolutely no health danger whatsoever to humans," notes the Treasury Department press release, which adds: "Do not ever put the bill in your pocket."

These improvements, plus the top-secret "auto-detonate" feature that I am not allowed to mention, will make the new \$20 bill — which is costing the government \$348.50 per unit to manufacture — the most advanced anti-counterfeit currency in the world. But the whole effort will be wasted unless you, the consumer, do your part by keeping a sharp eye out for "funny money." The Treasury Department is asking that you regularly inspect all of your bills, of all denominations.

If you notice anything suspicious — according to the press release, this especially means "foreign words, men in wigs, strings of numbers, a greenish coloring or some kind of weird eyeball floating over a pyramid" — you should immediately put the suspect bills into an envelope and mail them to: Treasury Department Anti-Counterfeiting Task Force, c/o Dave Barry, The Miami Herald, Miami, Fla. 33132. Please help. Only by joining together to fight this thing can we, as a nation, buy me a giant mansion with servants and ducks. Thank you.

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**Xerox Corp.**  
reported profits of  
\$850 trillion,  
mostly in 50s.'

By Mary Blume  
*International Herald Tribune*

**P**ARIS — Everyone is back from vacation, fresh and breezy after having found the best beach, the bluest sky, the finest romance.

We all lie about our vacations, of course, but according to a hefty new book, deception is implicit in the notion of travel (sometimes it is self-deception of the I-am-a-traveler-you-are-a-tourist kind).

Travel is related to the idea of escape and without a secret there is no escape, says Jean-Didier Urbain in "Secrets de Voyage" (published by Payot).

Urbain's previous books include "L'Idiot du voyage" and "Sur La plage," as well as a semiotic study of the tourist and the traveler. His book includes quotations from Barthes to Tintin and has more footnotes than there are ants at a picnic; the "voyage," he says, is an anthropological structure of the imaginary.

There are those who tell you nothing about their trips, he says, and those who tell you everything (most of us, gearing ourselves for returning vacationers' tales, are unhappily more familiar with the latter).

In a sense, all of today's trips are conducted in a secrecy of sorts, which is the indifference of everyone else, whether they be the natives we descend on or the friends we bore with holiday sides.

The idea of the voyage is capacious and includes those whose trips have an end different from their aim. Urbain cites Christopher Columbus, who discovered the wrong New World, or the Vikings who in 856 went to Italy to sack Rome.

They confused Rome with a small village, Luna, which they duly pillaged, taking a stable for the Colosseum, a tiny square for the Forum and a pile of manure for the Tarian Rock Voyagers, nonetheless.

Then there are what Urbain calls the immobile voyagers, most famously Xavier de Maistre, who wrote his "Voyage autour de ma chambre" in 1795 ("after my armchair, by heading north one discovers my bed"), and going right up to today with Jean-Dominique Bauby in "The Diving-Bell and the Butterfly," paralyzed but off on an imaginary trip to

Hong Kong. More complex was William Beckford, who transported himself to another country while already on a trip.

In Belgium in 1780, appalled by the harsh Flemish language and the flat landscape, he shut his eyes and imagined himself among the sunny escarpments of Greece, where shepherds fill the air with song.

And then there are the outright liars, false explorers such as Louis de Rougemont (real name Green) who from Sydney recounted his adventures among pearl fishers and cannibals, and Karl May who became a famous expert on the Far West while living in Dresden and wearing cowboy clothes. There is something of them in all of us, Urbain says.

There are voyagers whose first aim is the trip's legitimacy — soldiers, merchants, crusaders, physicians, prospectors, diplomats, pioneers, pilgrims and industrial spies going back to Robert Fortune who, in 1848, disguised himself as a Chinaman to steal the secrets of growing and making tea.

There are the forced voyages of deportation or extradition. There is sex tourism and, equally repellent, a travel agency Urbain found called Krematorium, which specializes in tours of crematoria.

"Tell me what you are hiding about your voyage and I will

tell you what its point was," Urbain says.

Even professional travelers conceal by exaggeration.

Pierre Loti, the French exotic, described kneeling until dawn by the Mount of Olives in the hope of finding faith. "Until dawn!" his dragoman later exclaimed. "He started shivering at once and said I have no overcoat, let us leave."

Maryse Choisy, in Greece in 1929, said she could not bear to be considered a mere tourist and went to exceptional lengths not to be. In order to stay at Mount Athos, where women are banned, she cut off not only her hair but her breasts and wore a prosthetic penis as well as a Chaplin mustache and a pair of Harold Lloyd shorts.

Urbain doubts the authenticity of her story, but Choisy's aim was a standard one: "I wanted to get out of myself, be another. No matter who, no matter what. But no longer myself, what a pleasure. To be in another skin."

Voyages real, virtual or imaginary provide an escape

from oneself and from the familiar. Even changing a language can help:

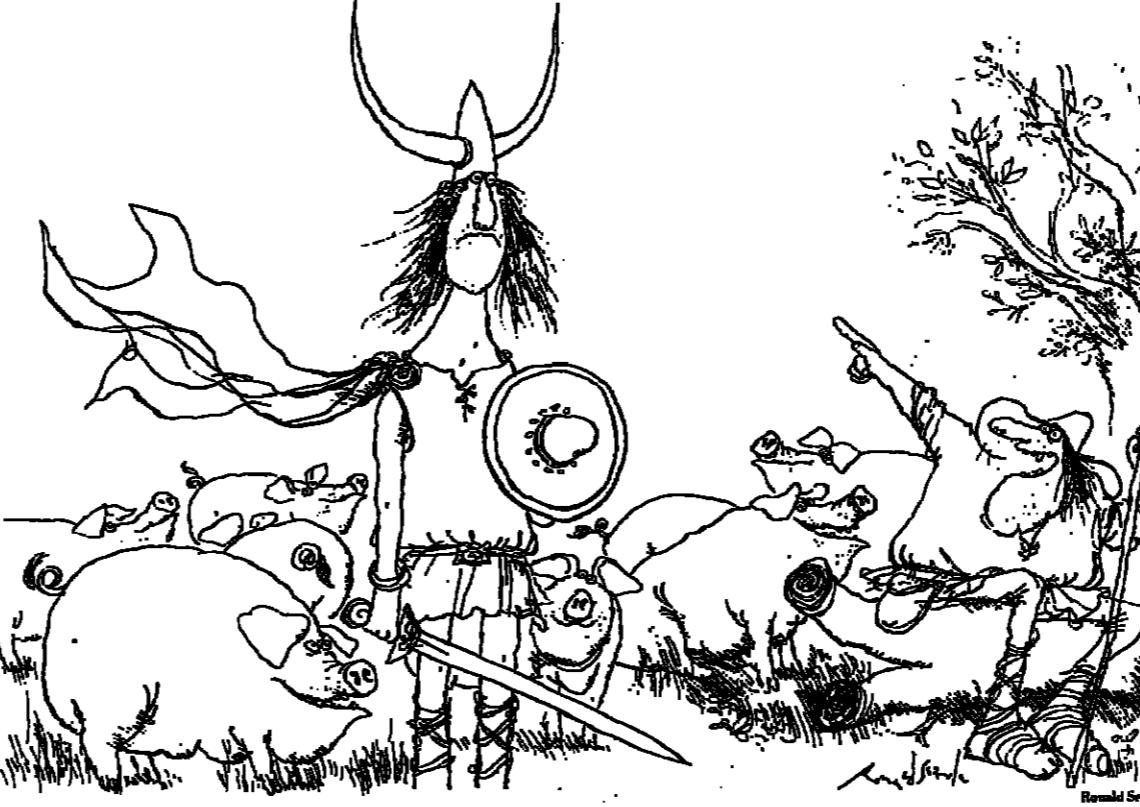
"The use of a foreign language during a trip," wrote Paul Morand, "allows one not to communicate with one's compatriots."

**D**ISGUISE helps, whether at the simplest level of carrying a local newspaper to look like a native or the outfit worn by Thomas Manning, who became the first Englishman to reach Lhasa in the early 18th century despite an imperfect disguise of a native Vietnamese costume and a pair of ice skates for use in the Himalayas.

Today, one can travel through films into space or back to the dinosaur age. The future may be in couch potato travel free from peeling sunburns, school fees, taxes and all the other sorrowful complements of vacation's end.

Free, too, from the burden of self-inquiry. Montaigne: "I know what I am fleeing but not what I seek") and from the exercise of inventing the lie that Urbain considers basic to every trip.

Is there a trip that does not have a secret or a single traveler who has not lied? he asks. Probably not, beginning with the first holiday postcard saying "Wish you were here."



Ronald Searle/HFT

## PEOPLE

**T**HE dissident Wei Jingsheng spent almost two decades

behind bars because of his demands for democracy in China, but it is the last year of his life that most concerns him now, and he is afraid he has lost it all — in a briefcase he left by mistake on a bus-stop bench. Wei's case held a year's worth of research, along with his passport, car registration and some checks. He says he'll give \$200 to whoever returns it. "It was a whole lot of notes, all written in Chinese, in a small black vinyl briefcase," said Abbi Kaplan, Wei's interpreter. After being released from prison on medical grounds last November, Wei, 48, has been working at Columbia University in New York, and also doing research at the University of California at Berkeley on a fellowship that ends in December.

Paul McCartney will fulfill one of his late wife's longtime dreams — releasing her own record. Linda McCartney had been working on a record for 20 years and finished it shortly before her death on April 17 from breast cancer. The album is called "Wide Prairie" and is scheduled for release by early November. It contains 16 songs, 13 of them written by Mrs. McCartney. She also sings and plays a variety of instruments. Also featured is McCartney's son, James, 21, playing guitar.

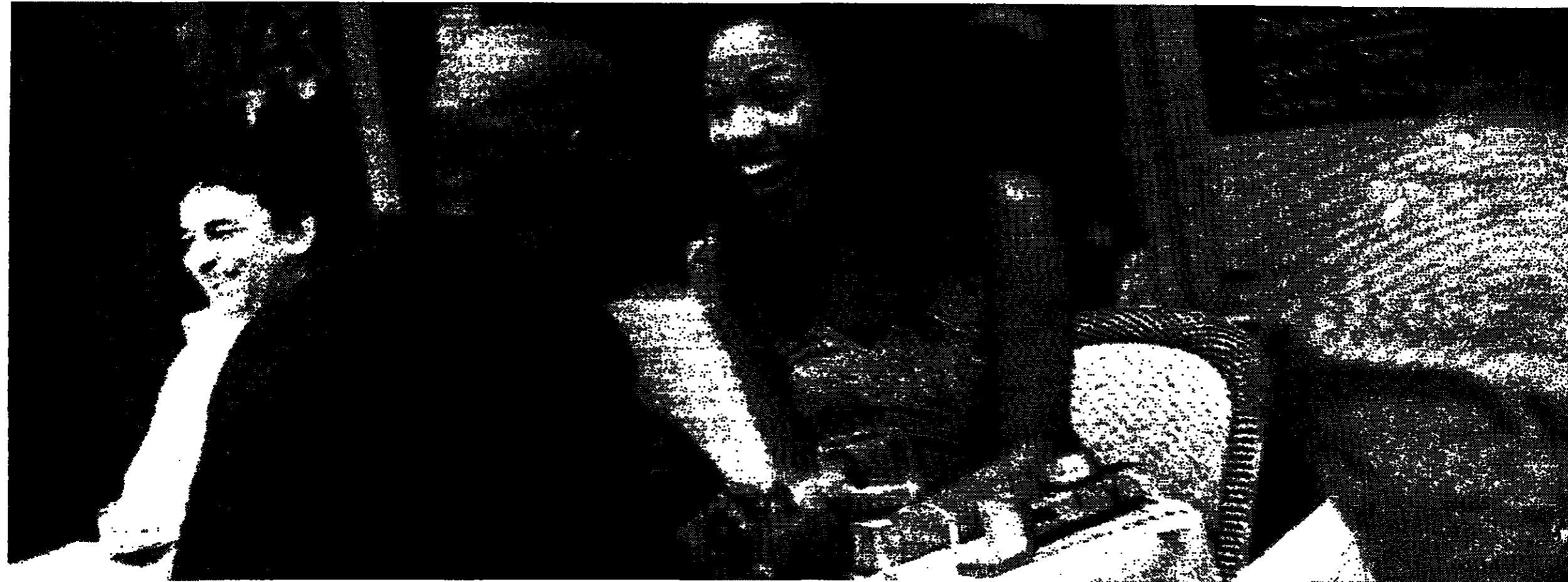
Anita Hill, whose allegations of sexual harassment almost undid the Supreme Court nomination of Clarence Thomas, has joined the faculty at Brandeis University in Waltham,

In a \$50 million lawsuit against Globe Communications Corp., Arnold Schwarzenegger contends that a story in the tabloid libeled him by reporting that he was in ill health and feared having a heart attack. The story headlined "Arnold's Heart Crisis" defamed Schwarzenegger by implying his health was poor after heart surgery last year, the "Terminator" star contends. Schwarzenegger underwent surgery in April 1997 to replace a faulty aortic valve.

The reclusive British pop star George Michael has canceled a world tour planned for next year because he is still trying to cope with a string of recent traumas, the Sun tabloid newspaper said Friday. The paper quoted a friend as saying: "George doesn't want to let his fans down, but he just can't cope with touring at the moment." Earlier this year Michael, 35, apologized on television after being arrested in a Los Angeles toilet and charged with lewd behavior.



Chris Pizzello/The Associated Press  
STAR-STRUCK — Jamie Lee Curtis taking bows on the Walk of Fame in Hollywood, cheered by her daughter Annie, center, and her mother, Janet Leigh.



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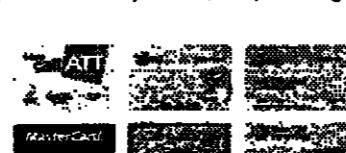
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